

**HEALTH SERVICES AND DEVELOPMENT AGENCY MEETING  
APRIL 23, 2014  
APPLICATION SUMMARY**

NAME OF PROJECT: Ave Maria Home

PROJECT NUMBER: CN1312-048

ADDRESS: 2805 Charles Bryan Road  
Bartlett (Shelby County), Tennessee 38134

LEGAL OWNER: Ave Maria Home  
2805 Charles Bryan Road  
Bartlett (Shelby County), Tennessee 38134

OPERATING ENTITY: NA

CONTACT PERSON: Frank J. Gattuso, Jr.  
(901) 386-3211

DATE FILED: December 12, 2013

PROJECT COST: \$7,999,960.00

FINANCING: Fundraising

REASON FOR FILING: Replacement of thirty-five (35) Medicare/Medicaid certified beds, addition of twenty-five (25\*) Medicare certified beds at a project cost in excess of \$2 million.  
*\*The additional twenty-five (25) nursing home beds are subject to the 125 bed Nursing Home Bed Pool for the July 2013 to June 2014 state fiscal year period.*

DESCRIPTION:

*\*\*Note to Agency members: When this application was originally filed in December 2013, it included a request for 30 additional nursing home beds. At the time this application was filed there were 95 nursing home beds available from the bed pool. Since that time 70 beds have been approved for Shelby County (20 in January, 30 in February, and 20 in March. See Nursing Home Bed Pool Stats Chart at the end of this staff summary for project details) resulting in the current balance of 25 remaining nursing home beds. The assumptions*

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*throughout this application are based on 30 additional beds for a total licensed bed complement of 105 beds. With only 25 beds remaining in the bed pool, Ave Maria can only receive approval to increase its licensed bed complement up to 100 beds. All volume projections and revenue projections assume a 105 bed facility. It is unknown as to whether this proposed project can be financially feasible with only 100 beds. The applicant has expressed an interest in phone conversations with HSDA staff in applying for the additional 5 beds during the next bed pool cycle which begins in July 2014.*

Ave Maria Home is seeking approval for the replacement of 35 of its existing 75 beds plus the addition of 25 new Medicare beds which would increase the licensed bed complement of the nursing home to 100 beds.

*Note to Agency members: The applicant originally requested that additional beds, if approved, be certified for Medicare only. However, due to the Linton Court Order, a facility with a Medicaid agreement must certify all of its beds for Medicaid. This was confirmed with a representative of TennCare. The proposed additional 25 beds will need to be dually certified for both Medicare and Medicaid.*

#### SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW:

##### NURSING HOME SERVICES

###### A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

*See step 2 below for the Nursing Home Bed Need calculation.*

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

*Based on the 2016 projected population for Shelby County and using the above formula, the need calculation is 5,094 nursing home beds for the applicant's declared service area, Shelby County.*

*It appears that this criterion has been met.*

3. **The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.**

*According to the Tennessee Department of Health's website, there currently are 3,976 nursing home beds in Shelby County. There are also 218 outstanding CON-approved but unimplemented beds in Shelby County for a current inventory of 4,194 nursing home beds. By subtracting the 4,194 nursing home bed inventory from the 5,094 nursing home beds needed, the result is a net need for 900 nursing home beds in Shelby County.*

*It appears the application meets this criterion.*

*\*Note to Agency Members Regarding Bed Need Formula: The formula was included in a 1996 amendment to the statute governing the development of new nursing home beds. The formula was based upon a population-based methodology that did not consider levels of care (skilled or non-skilled) or payment sources (Medicare, Medicaid, 3rd party). Institutional care was the norm and there were limited, if any, home and community-based care options. The Long-Term Care Community Care Community Choices Act of 2008 (CHOICES) and the 2012 changes in Nursing Facility Level of Care Criteria for TennCare recipients have impacted nursing home occupancies in TN. According to TCA § 68-11-1622, the Agency shall issue no certificates of need for new nursing home beds other than the one hundred twenty-five beds included per fiscal year (commonly referred to as the 125-bed pool). These beds must be certified to participate in the Medicare skilled program. This does not preclude a nursing home from dually certifying beds for both Medicare and Medicaid.*

1. **"Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for**

any nursing home should reside within 30 minutes travel time from that facility.

*The applicant states the project's proposed service area is Shelby County. The applicant indicates that 68 or just over 90% of Ave Maria Home's current 75 residents originally resided in Shelby County.*

*It appears that this criterion has been met.*

2. The Health Services and Development Agency may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

*It appears that this criterion is not applicable since the 25 proposed nursing home beds are not in excess of the need standard of the 1990s formula.*

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

*It appears that this criterion is not applicable since the 25 proposed nursing home beds are not in excess of the need standard of the 1990s formula.*

#### **B. Occupancy and Size Standards:**

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

*Data from the Joint Annual Report indicates that the applicant facility had occupancy rates of 97.9% in 2010, 93.7% in 2011, and 89.3% in 2012. The applicant projects a 79% occupancy rate after the first year of operation and 92% occupancy rate after the second year of operation.*

*It appears that this criterion will be met.*

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has

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achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

*According to the Department of Health Report, there were 26 nursing homes in 2012 with more than 50 beds. Only six of those 26 nursing homes had occupancy rates greater than 95%.*

*It appears that this criterion has not been met.*

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

*According to the JAR, Ave Maria Home attained an occupancy rate of 89.2% in 2012.*

*It appears that this criterion has not been met.*

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Services and Development Agency may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

*This applicant is currently a 75 bed nursing home. If the proposed project is approved, the applicant facility's licensed bed complement will increase to 100 beds.*

*It appears that this criterion has been met.*

## STAFF SUMMARY

*Note to Agency members: This staff summary is a synopsis of the original application and supplemental responses submitted by the applicant. Any HSDA Staff comments will be presented as a "Note to Agency members" in bold italics.*

The applicant describes this project as a replacement of 35 existing Medicare/Medicaid certified beds and the addition of 30\*\* Medicare certified beds resulting in a 105\*\* bed nursing home.

The applicant expects the proposed project to be completed by July 2015.

### 125 Bed Nursing Home Bed Pool

- The applicant is requesting 30\*\* new beds which will come from the Nursing Home 125 bed pool for the July 2013 to June 2014 state fiscal year period.
- There are currently only 25 nursing home beds available in the July 2013 to June 2014 bed pool. **The Agency will be limited to approving only up to 25 of the 30 beds being requested.**
- A copy of the 125 bed pool bed stats is located at the end of this summary.

\*\*See Note to Agency members on pages 1-2 of this summary

### Ownership/Management

Ave Maria Home is a non-profit corporation. The nursing home is self-managed.

### Facility Information

#### Current Nursing Home

Ave Maria is currently a 75 bed nursing home. Forty of the existing beds are in 4-Green House homes while the remaining 35 beds are in a more traditional setting in the nursing home's West Wing. Thirty-three of the thirty five beds are semi-private. The 4 existing Green House Homes were the result of CN0803-012A which replaced the nursing home's 50+ year old East Wing. The replacement homes were completed by July 2012.

The West Wing was constructed in 1970. The residents cannot control the temperature in their individual rooms. Residents of the West Wing currently must go down the hall to have a bath.

*Note to Agency members: According to the website, [thegreenhouseproject.org](http://thegreenhouseproject.org), Dr. Bill Thomas, cofounder of the Eden Alternative (an international, nonprofit 501(c)3 organization that provides education and consultation for organizations across the entire continuum of care. As a person-directed care philosophy, it is dedicated to creating care environments that promote quality of life for Elders and those who support them as care partners.) created the Green House concept which features include: all residents have a private room with a private bath, the facility is designed like a real home with a great room that includes a living area, fireplace, open kitchen, and dining area with a large family table; only 6-12 residents per home, and staff are certified nursing assistants (CNAs) with 128 hours of specialized training. For more details on the Green House Project and the Eden alternative, see Attachment 5 of the first supplemental response and the Green House Project website.*

### Proposed Nursing Home

After completion of the proposed project Ave Maria Home beds will all be in 10 Green House Homes:

- The existing four 10-bed Green House Homes will not be affected by the proposed project
- The 35 beds in the West Wing will be replaced by three 12-bed Green House Homes. One of the 36 new beds will not be licensed
- Three 10-bed Green House Homes will account for the 30\*\* additional nursing home beds being requested from the bed pool. The three additional 10-bed homes will have the den space converted into a rehabilitation room where speech, occupational and physical therapy can be provided. There will also be an outside therapy garden where residents can receive rehabilitation weather permitting. If this application is approved, only 25 of the 30 beds can be licensed

\*\*See Note to Agency members on pages 1-2 of this summary

### Project Need

The applicant provided the following justification:

- The current bed need formula identified a net need for 900 nursing home beds in Shelby County.
- During the 4<sup>th</sup> quarter of 2013 the applicant received 118 referrals but was only able to admit 11 of the referrals.
- The features of these Green House homes include:
  - Each home will be single story and contain approximately 7,500 square feet

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- Each room will be private with a closet, built in shower, built in resident lift, private bath and will allow residents to bring more personal items into their room
- Each room will have individual heating and air controls
- Each home will have a large living “Hearth” room, den, open kitchen, dining room, and support spaces
- The Green House homes will allow residents to have shorter distances to ambulate and circulate than in traditional homes with long institutional hallways
- Because of the small scale environment and freedom from institutional routines resident are expected to maximize their functional capacity
- The home-like environment de-institutionalizes long-term care
- The Green House home model reduces accidents and other adverse effects for elders
- According to a study by Sharkey, Hudak, Horn, and others (see Attachment 4 in the first supplemental response) pressure ulcer incidence and hospitalization rates were significantly less in Green House Homes than in traditional nursing homes

#### **Service Area Demographics**

Ave Maria’s declared primary service area is Shelby County. The following review of demographic data will be for Shelby County.

- The total population of Shelby County is estimated at 943,812 residents in calendar year (CY) 2014 increasing by approximately 0.6% to 949,178 residents in CY 2016
- The overall statewide population is projected to grow by 1.8% from 2014 to 2016
- The Shelby County population cohort of age 65 and older presently accounts for approximately 11.5% of the total population compared to a state-wide average of 14.9% in CY 2014
- The 65 and older population will increase from 11.5% of the general population in 2014 to 12.3% in 2016. The statewide 65 and older population will increase from 14.9% in 2014 of the general population to 15.5% in 2016
- The 65 and older population will increase 7.5% between 2014 and 2016 in Shelby County. The statewide 65 and older population will increase 6.1% during the same timeframe

- The proportion of TennCare enrollees of the total county population is 24.3%, compared with the state-wide average of 18.4%

*Source: The University of Tennessee Center for Business and Economic Research  
Population Projection Data Files, Reassembled by the Tennessee Department of Health,  
Division of Policy, Planning and Assessment, Office of Health Statistics.*

### **Historical Utilization**

- The applicant reported 26,796 patient days in 2010, 25,652 patient days in 2011, and 24,507 patient days in 2012. The change in patient days between 2010 and 2012 is a decline of 8.5%. The corresponding occupancy rates during these years were 97.9% in 2010, 93.7% in 2011, and 89.3% in 2012
- The individual nursing home utilization trend table for Shelby County at the end of this summary reflects the following: Shelby County nursing homes reported 1,300,573 patient days in 2010, which have decreased by 22,440 or 1.7% in 2012
- Even though patient days experienced a decline between 2010 and 2012 area wide nursing home occupancy increased from 83.7% in 2010 to 87.1% in 2012. This trend was impacted by the fact that there were 4,261 licensed nursing home beds in 2010, reducing to 4,169 in 2011, and reducing further to 4,020 in 2012. The occupancy ranges for the 31 nursing homes reporting in 2012 was as follows:
  - 6 nursing homes reported occupancy of greater than 95%.
  - 7 nursing homes reported occupancy in the 90% - 95% range
  - 13 nursing homes reported occupancy in the 80% - 89% range
  - 4 nursing homes reported occupancy in the 70% - 79% range
  - 1 nursing homes reported occupancy below 70%
- According to 2012 Final JAR data, of the 4,020 nursing home beds in Shelby County during 2012, 3,465 or 86.2% were Medicare certified skilled nursing beds. Review of the 2012 Nursing Home JAR indicated that the Medicare skilled average daily census was 652. This indicates that the skilled nursing home beds in Shelby County were utilized by Medicare skilled patients approximately 18.8% of the time. The details of skilled vs. non skilled utilization by nursing home in Shelby County are presented in a table at the end of this summary.

*Note to Agency Members: Declining patient days are most likely attributed to the implementation of the 2008 CHOICES Act and the 2012 changes to the TennCare Level of Care Criteria. Occupancy rates most likely increased because most nursing homes de-license excess beds to avoid the \$2,225 per bed nursing home annual assessment (bed tax) fee. This assessment fee is in addition to*

*annual licensure fees. All nursing homes pay this fee whether they have certified beds or not. These fees and any federal matching fees made relative to the nursing home annual assessment are used solely by TennCare to provide payments to nursing homes.*

### Projected Utilization

#### **Ave Maria Home (30 Additional Beds)**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors	Non-Skilled ADC	Total ADC	Licensed Occupancy
1	30**	30**	8	0	0	1	9	30%
2	30**	30**	21	0	0	2	23	77%

\* Includes dually-certified beds

\*\*See Note to Agency members on pages 1-2 of this summary

#### **Ave Maria Home (105 Licensed Beds)**

Year	Licensed Beds	*Medicare-certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors	Non-Skilled ADC	Total ADC	Licensed Occupancy
1	105**	105**	14	28	40	1	83	79%
2	105**	105**	27	28	40	2	97	92%

\* Includes dually-certified beds

\*\*See Note to Agency members on pages 1-2 of this summary

- The above table projects that occupancy for the 30\*\* additional beds will be 30% in the first full year of operation and increase to 77% by the second year of operation.
- In Year 2, on average the 30\*\* additional skilled beds will contain 21 Medicare skilled patients. *Note to Agency members: As noted previously the expectation that the additional beds can be Medicare certified only beds and corresponding Medicare only skilled utilization is in conflict with the Linton Consent decree, which, among other provisions, requires Medicaid providers to certify all available, licensed nursing home beds within their facilities and to admit residents on a first-come, first-serve basis.*

- The above table for the licensed 105\*\* bed facility projects that occupancy will be 79% in the first full year of operation and increase to 92% by the second year of operation.
- In Year 2, on average the 105\*\* skilled beds will contain 27 Medicare skilled patients, 28 Medicaid skilled patients, 40 Other skilled patients and 2 non-skilled patients.

\*\*See Note to Agency members on pages 1-2 of this summary

### **Project Cost**

The total estimated project cost is \$7,999,960.

Major costs are:

- Architectural and Engineering fees-\$355,000 or 4.4% of total cost
- Construction Costs- \$6,390,000 or 79.9% of total cost

For other details on Project Cost, see the Project Cost Chart in the original application.

The construction cost is \$177.00 per square foot. As reflected in the table below, the new construction cost falls between the median and third quartile of statewide nursing home new construction projects from 2010 to 2012.

**Statewide  
Nursing Home Construction Cost Per Square Foot  
2010-2012**

	Renovated Construction	New Construction	Total construction
<b>1st Quartile</b>	\$19.30/sq. ft.	\$164.57/sq. ft.	\$73.23/sq. ft.
<b>Median</b>	\$35.76/sq. ft.	\$167.31/sq. ft.	\$166.57/sq. ft.
<b>3rd Quartile</b>	\$55.00/sq. ft.	\$181.72/sq. ft.	\$167.61/sq. ft.

Source: HSDA Applicant's Toolbox

### **Historical Data Chart**

Ave Maria reported net operating losses of (\$708,074) in 2011, (\$2,548,874) in 2012, and (\$1,693,190) in 2013.

### **Projected Data Chart**

#### **Additional 30\*\* beds**

The applicant projects \$1,489,637 in total gross revenue on 3,081 patient days during the first year of operation of the 30 bed skilled nursing unit and

\$4,145,130 on 8,374 patient days in Year Two (approximately \$495.00 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal (\$269,988) in Year One increasing to \$1,011,639 in Year Two.

\*\*See Note to Agency members on pages 1-2 of this summary

#### Entire Facility

(35 replacement beds, 30\*\* additional beds, 40 existing beds)

\*\*See Note to Agency members on pages 1-2 of this summary

The applicant projects \$8,357,971 in total gross revenue on 29,868 patient days during the first year of operation and \$11,045,425 on 34,966 patient days in Year Two (approximately \$316.00 per day). The Projected Data Chart reflects the following:

- Net operating income less capital expenditures for the applicant will equal (\$1,922,812) in Year One and (\$192,297) in Year Two.
- The applicant was asked to further explain the projected trend to profitability based on the historical data chart demonstrating net losses for three consecutive years. The applicant's response included that the nursing home was one segment of Ave Maria Home and that the Consolidated Statement of Ave Maria Home showed profitability, the additional 30 beds will contribute to profitability, and the marketing of a facility that is 100% Green House homes will give consumers a clear choice.

#### Charges

In Year One of the proposed project, the average patient daily charges are as follows:

- The proposed average per diem charge is \$483/day in Year 1.
- The average deductions from gross revenue are \$65.00/day, producing an average net per diem charge of \$413.00/day.

#### Payor Mix

- Medicare- Gross charges will equal \$5,750,910 in Year One representing 53% of total net revenue.
- TennCare-Gross charges will equal \$1,655,191 In Year One representing 15% of total revenue.



### **Financing**

The applicant expects to fund the project 100% through fundraising efforts as follows:

- Ave Maria Home has raised \$951,548
- Ave Maria Foundation has committed \$1,000,000
- The applicant is expecting \$1,000,000 from a private donor
- The applicant has submitted a \$2,000,000 request to the local Assisi Foundation
- The applicant expects to raise the remaining balance over the next two years from other foundations, organizations, and individual donors.

The applicant has received a letter of interest that indicates SunTrust Bank would consider a construction/term loan of up to \$8,000,000. The construction loan period would be up to 18 months followed by a term loan of up to five years. The interest rate would be 4.5% but would be subject to change based on market conditions.

Ave Maria Home, Inc. and Ave Maria Foundation of Memphis' audited financial statements for the period ending June 30, 2013 indicates \$383,675 in cash and cash equivalents, total current assets of \$5,642,614, total current liabilities of \$1,309,642 and a current ratio of 4.31:1.

Current ratio is a measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

### **Staffing**

The direct patient care proposed staffing for the requested additional 30\*\* beds in Year 1 and Year 2 are presented in the table below:

<b>Position</b>	<b>Year 1 FTEs</b>	<b>Year 2 FTEs</b>
LPNs	3.0	6.0
CNA	21.0	46.0
<b>Total</b>	<b>24.0</b>	<b>52.0</b>

\*\*See Note to Agency members on pages 1-2 of this summary

### **Licensure/Accreditation**

- Ave Maria is licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities.

- A copy of the latest Department of Health review dated August 19-21, 2013 is located in Attachment C.7.d.
- A letter dated September 5, 2013 from the Tennessee Department of Health indicates the acceptance of a corrective action plan as a result of the recertification survey dated August 19-21, 2013. In addition, the letter recommends recertification in the Medicare and/or Medicaid program.

*Corporate documentation, draft management agreement, real estate deed, and policy manuals are on file at the Agency office and will be available at the Agency meeting.*

Should the Agency vote to approve this project, the CON would expire in **two** years.

#### **CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT**

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

#### **CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:**

There are no Letters of Intent or denied or pending applications for other similar providers in the service area.

#### **Outstanding Certificates of Need**

**Shelby County Health Care Corporation, d/b/a Regional One Health, f/k/a The Regional Medical Center at Memphis (The MED), CN1311-044A**, has an outstanding Certificate of Need that will expire on May 1, 2016. It was approved at the March 26, 2014 Agency meeting for the establishment of a twenty (20) skilled bed nursing unit to be licensed as nursing home beds and operated as a department of Regional One Health. All beds will be certified for both Medicare and Medicaid. The estimated project cost is **\$300,000.00**. *Project Status: Recently approved.*

**The Farms at Bailey Station, CN1311-045A**, has an outstanding Certificate of Need that will expire on April 1, 2017. It was approved at the February 26, 2014 Agency meeting for the establishment of a thirty (30)\* SNF bed nursing home certified for Medicare participation to be part of a continuing care retirement community. The estimated project cost is **\$7,301,961.00**. **Project Status:** *The applicant plans to combine this outstanding CON with previously approved but*

*unimplemented CN1303-008A for 30 SNF beds for the development of a 60 bed nursing home.*

**The Village at Germantown, CN1310-039A**, has an outstanding Certificate of Need that will expire on March 1, 2016. It was approved at the January 22, 2014 Agency meeting for the addition of twenty (20) Medicare-certified skilled beds to its existing thirty (30) Medicare skilled bed nursing home. The estimated project cost is **\$5,654,232.00**. **Project Status:** *Recently approved.*

**The Farms at Bailey Station, CN1303-008A**, has an outstanding Certificate of Need that will expire on August 1, 2016. It was approved at the June 26, 2013 Agency meeting for the establishment of a thirty (30)\* SNF bed nursing home certified for Medicare participation to be part of a continuing care retirement community. The estimated project cost is **\$7,301,961.00**. **Project Status:** *The applicant will combine this outstanding but unimplemented CON with outstanding CN1311-045A for an additional 30 SNF beds for the development of a 60 bed nursing home.*

**Collins Chapel Health & Rehabilitation Center, CN1202-011A**, has an outstanding Certificate of Need which will expire on August 1, 2015. The CON was approved at the June 27, 2012 Agency meeting for the establishment of a nursing home with twenty-eight (28) Medicare SNF beds and to provide skilled nursing services facility services. The estimated project cost is **\$1,626,331**. **Project Status Update:** *The applicant received approval at the February 26, 2014 Agency meeting for a one year extension until August 1, 2015. When requesting the extension the applicant noted that its architects has filed plans with the Tennessee Department of Health in January 2014.*

**Christian Care Center of Memphis f/k/a Americare Health and Rehabilitation, CN0908-045A** has an outstanding Certificate of Need which will expire on January 1, 2016. The CON was approved at the November 18, 2009 Agency meeting for the partial relocation and replacement of a health care facility (in accordance with TCA 68-11-1629): relocation of ninety (90) of two hundred and thirty seven (237) nursing home beds from 3391 Old Getwell Road in Memphis (Shelby County), TN to a 3.15 acre parcel of land at the northwest corner of Kirby Parkway and Kirby Gate Blvd in Memphis (Shelby County), TN. The estimated cost is **\$10,473,976**. **Project Status Update:** *The applicant received approval at the October 23, 2013 Agency meeting for a \$1,853,976 project cost increase and a two year extension of the expiration date from January 1, 2014 to January 1, 2016. In the Annual Progress Report dated December 20, 2013 the applicant reported that the City of Memphis issued its building permit on December 18, 2013, and the project is currently*

*staffed with an on-site full time project manager from the contractor. Grading and fill work has begun on the project site along with temporary placement of electrical power. The contractor anticipates work to begin on the foundation of the building in the next 45-60 days.*

**PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.**

MAF/PME 4/9/2014

## NURSING HOME BED POOL STATS

**July 1, 2013 – June 30, 2014**

**125 BED POOL**

**NH BEDS APPROVED**

**100 NURSING HOME  
BEDS**

**NH BEDS PENDING**

**30 NURSING HOME BEDS**

**SWING BEDS APPROVED**

**0 SWING BEDS**

**SWING BEDS PENDING**

**0 SWING BEDS**

**TOTAL BEDS**

**0 BEDS**

**DENIED/WITHDRAWN**

**SUBTOTAL-- BEDS REQUESTED**

**30 BEDS**

**TOTAL BEDS AVAILABLE  
FROM POOL**

**25 BEDS**

**(TOTAL PENDING BEDS)**

**(30 BEDS)**

<u>COUNTY</u>	<u>PROJECT NUMBER</u>	<u>FACILITY</u>	<u>PROJECT DISPOSITION</u>	<u>MEETING DATE</u>	<u>DESCRIPTION</u>
Knox	CN1307-024	Shannondale Rehabilitation Center	APPROVED	10/23/2013	The establishment of a new thirty (30)* bed Medicare skilled nursing home to be known as Shannondale Rehabilitation Center. The facility will be located on the campus of Shannondale Continuing Care Retirement Community at 7510 and 7522 Middlebrook Pike, Knoxville (Knox County), TN. The estimated project cost is \$6,609,488.00.
Shelby	CN1310-039	The Village at Germantown Skilled Nursing Facility	APPROVED	1/22/2014	The addition of twenty (20) Medicare-certified skilled beds to its existing thirty (30) Medicare skilled bed nursing home. The estimated project cost is \$5,641,539.00.

Shelby	CN1311-044	Shelby County Health Corporation, d/b/a The Regional Medical Center at Memphis	APPROVED	3/26/2014	The establishment of a twenty (20) bed nursing home certified for Medicare/Medicaid that will operate as a department of The MED. The estimated project cost is \$300,000.00.
Shelby	CN1311-045	The Farms at Bailey Station	APPROVED	2/26/2014	The addition of thirty (30) Medicare-certified skilled beds to be part of the thirty (30) Bed SNF approved by CN1303-008A for a total of 60 SNF beds. The estimated project cost is \$6,306,575.00.
Shelby	CN1312-048	Ave Maria Home	PENDING	4/23/2014	The replacement of thirty-five (35) of the current seventy-five (75) beds and the addition of thirty (30) Medicare-certified skilled beds for a total of one hundred five (105) licensed nursing home beds. The estimated project cost is \$7,999,960.00.

**SHELBY COUNTY NURSING HOME UTILIZATION TRENDS, 2010-2012**

<b>Nursing Home</b>	<b>2012 Beds</b>	<b>2010 Pat. Days</b>	<b>2011 Pat. Days</b>	<b>2012 Pat. Days</b>	<b>10-'12 % Chg.</b>	<b>'10 % Occ.</b>	<b>'11 % Occ.</b>	<b>'12 % Occ.</b>
Allen Morgan Health and Rehab Center	104	29,053	27,178	32,094	10.5%	76.5%	71.6%	84.5%
Allenbrook Nursing & Rehab Center	180	61,632	62,846	62,784	1.9%	93.8%	95.7%	95.6%
*Americare Health & Rehab Center	0	52,472	52,210	0	-100.0%	60.7%	97.3%	0.0%
Applingwood Healthcare Cntr.	78	27,076	24,486	26,651	-1.6%	95.1%	86.0%	93.6%
Ashton Place Health & Rehab Center	211	72,619	65,464	68,410	-5.8%	94.3%	85.0%	88.8%
Ave Maria Home	75	26,796	25,652	24,507	-8.5%	97.9%	93.7%	89.5%
Baptist Mem. Hospital-Memphis SNF	35	10,378	10,590	10,561	1.8%	81.2%	82.9%	82.7%
Baptist Skilled Rehab Unit-Germantown	18	324	5,123	5,423	1573.8%	4.9%	78.0%	82.5%
**Bright Glade Health and Rehab Center	77	25,709	25,451	25,867	0.6%	87.0%	86.1%	92.0%
Dove Health & Rehab of Collierville	114	27,733	34,996	35,754	28.9%	66.6%	84.1%	85.9%
Grace Healthcare of Cordova	284	86,103	74,167	72,642	-15.6%	83.1%	71.5%	70.1%
Graceland Nursing Center	240	82,117	76,445	75,843	-7.6%	93.7%	87.3%	86.6%
Harbor View f/k/a Court Manor	120	23,637	34,815	36,457	54.2%	54.0%	79.5%	83.2%
Primacy Healthcare & Rehab f/k/a Kindred	120	41,826	31,637	32,196	-23.0%	95.5%	72.2%	73.5%
Kirby Pines Manor	120	40,578	42,160	42,722	5.3%	92.6%	96.3%	97.5%
Memphis Jewish Home	160	48,726	44,394	42,920	-11.9%	83.4%	76.0%	73.5%
Methodist Healthcare SNF	44	5,472	5,370	6,623	21.0%	34.1%	33.4%	41.2%
MidSouth Health & Rehab.	155	17,147	29,172	49,201	186.9%	30.3%	51.6%	87.0%
Millington Healthcare Center	85	29,170	28,410	28,917	-0.9%	94.0%	91.6%	93.2%
Poplar Point f/k/a Overton Park	169	53,543	47,604	51,074	-4.6%	86.8%	77.2%	82.8%
Parkway Health and Rehab	120	36,359	42,549	42,102	15.8%	83.0%	97.1%	96.1%

Nursing Home	2012 Beds	2010 Pat. Days	2011 Pat. Days	2012 Pat. Days	10-'12 % Chg.	'10 % Occ.	'11 % Occ.	'12 % Occ.
Quality Care Center of Memphis	48	13,026	12,244	12,535	-3.8%	74.3%	69.9%	71.5%
Quince Nursing and Rehab Center	188	65,719	66,343	65,776	0.1%	95.8%	96.7%	95.9%
***Rainbow Health & Rehab of Memphis	115	38,767	39,763	39,641	2.3%	94.8%	94.7%	94.4%
Signature Healthcare St. Francis	197	72,715	62,807	61,821	-15.0%	101.1%	87.3%	86.0%
Signature Healthcare-St. Peter Villa	180	56,578	54,445	60,560	7.0%	86.1%	82.9%	92.2%
Signature Healthcare Memphis	140	49,005	48,440	49,467	0.9%	95.9%	94.8%	96.8%
Spring Gate Rehab and Healthcare	233	73,826	78,591	78,439	6.2%	86.8%	92.4%	92.2%
The Highlands of Memphis Health & Rehab	180	53,561	55,265	60,143	12.3%	81.5%	84.1%	91.5%
King's Daughters and Sons Home	108	38,768	37,908	38,653	-0.3%	98.3%	96.2%	98.1%
The Village at Germantown	30	10,002	9,371	9,462	-5.4%	91.3%	85.6%	86.4%
Whitehaven Community Living Center	92	30,136	30,268	28,888	-4.1%	89.7%	90.1%	86.0%
<b>TOTAL</b>	<b>4,020</b>	<b>1,300,573</b>	<b>1,286,164</b>	<b>1,278,133</b>	<b>-1.7%</b>	<b>83.7%</b>	<b>84.6%</b>	<b>87.1%</b>

\*Americare was a 237 bed nursing home in 2010. In compliance with TCA 68-11-1629 and approval of CN0908-045A for partial relocation of 90 beds, Americare became a 147 bed nursing home in 2011. In 2012 Americare closed

\*\*Licensed for 81 beds in 2010 and 2011

\*\*\*Added 3 beds in 2011 per approval of CN1003-012A



### Shelby County Nursing Home Skilled/Non-Skilled Utilization

Nursing Home	Licensed Beds	SNF Beds-Medicare	SNF/NF Beds-Dually Certified	NF Beds-Medicaid	Licensed Only Non Certified Beds	NF-ADC (Medicaid/Level I Only)	SNF Medicare Level II ADC	NF-ADC
Allen Morgan Health and Rehabilitation Center	104	24	0	0	80	0	18	69
Allenbrooke Nursing and Rehabilitation Center, LLC	180	0	180	0	0	128	15	139
Applingwood Health Care Center	78	0	78	0	0	43	18	55
Ashton Place Health and Rehab Center	211	0	211	0	0	134	22	139
Ave Maria Home	75	0	75	0	0	22	9	58
Baptist Memorial Hospital - Memphis Skilled Nursing Facility	35	35	0	0	0	0	23	0
Baptist Skilled Rehabilitation Unit - Germantown	18	18	0	0	0	0	13	0
Bright Glade Health and Rehabilitation	77	0	77	0	0	43	14	56
Dove Health & Rehab of Collierville, LLC	114	0	114	0	0	64	16	75
Grace Healthcare of Cordova	284	0	284	0	0	129	22	149
Graceland Nursing Center	240	120	0	120	0	148	14	154
Harbor View Nursing and Rehabilitation Center, Inc.	120	0	120	0	0	72	19	80
Highlands of Memphis Health & Rehab	180	0	180	0	0	106	21	131
Kindred Transitional Care and Rehabilitation Center-Primacy	120	120	0	0	0	0	53	29
Kirby Pines Manor	120	30	0	0	90	0	23	89
Memphis Jewish Home	160	0	160	0	0	60	29	60
Methodist Healthcare Skilled Nursing Facility	44	44	0	0	0	0	15	0
MidSouth Health and Rehabilitation Center	155	0	155	0	0	92	15	113
Millington Healthcare Center	85	19	66	0	0	47	20	57
Parkway Health and Rehabilitation Center	120	0	120	0	0	66	24	74
Poplar Point Health and Rehabilitation	169	0	54	115	0	0	24	0
Quality Care Center of Memphis	48	0	48	0	0	34	0	34
Quince Nursing and Rehabilitation Center	188	0	188	0	0	108	28	134
Rainbow Health & Rehab of Memphis, LLC	115	0	115	0	0	70	26	78

Nursing Home	Licensed Beds	SNF Beds-Medicare	SNF/NF Beds-Dually Certified	NF Beds-Medicaid	Licensed Only Non Certified	NF-ADC (Medicaid/Level I Only)	SNF Medicare Level II ADC	NF-ADC
Signature Healthcare at St. Francis	197	84	113	0	0	76	51	94
Signature Healthcare at St. Peter Villa	180	0	120	60	0	94	26	112
Signature Healthcare of Memphis	140	0	140	0	0	101	24	109
Spring Gate Nursing and Rehabilitation Center	233	0	143	90	0	144	22	158
The King's Daughters and Sons Home	108	0	108	0	0	60	16	79
The Village at Germantown	30	30	0	0	0	0	21	5
Whitehaven Community Living Center	92	0	92	0	0	63	11	64
<b>Total</b>	<b>4020</b>	<b>524</b>	<b>2941</b>	<b>385</b>	<b>170</b>	<b>1,903</b>	<b>652</b>	<b>2399</b>

Source: *Joint Annual Report of Nursing Homes 2012 (Final)*, Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics

## LETTER OF INTENT



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
 502 Deaderick Street  
 Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

**LETTER OF INTENT**

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
 (Name of Newspaper)  
 of general circulation in Shelby, Tennessee, on or before December 8, 2013  
 (County) (Month / day) (Year)  
 for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Ave Maria Home

Nursing Home

(Name of Applicant)

(Facility Type-Existing)

owned by: Ave Maria Home with an ownership type of Corporation

and to be managed by: Ave Maria Home intends to file an application for a Certificate of Need

for [PROJECT DESCRIPTION BEGINS HERE]: Ave Maria Home (Applicant), 2805 Charles Bryan Road, Bartlett  
(Shelby County), TN 38134, a non-profit, 75-bed nursing home  
owned and managed by itself, intends to file a CON application for the replacement of 35  
(of the current 75 beds) skilled nursing beds, certified for Medicare and Medicaid, which  
are in an old nursing home wing at 2805 Charles Bryan Road. Applicant is also requesting  
30 additional skilled nursing beds located on Applicant's property at 2840 Charles Bryan  
Road that will be certified for Medicare. If application is approved, Applicant's skilled  
nursing facility will have a total of 105 skilled nursing beds. No major medical equipment  
will be required. The total estimated cost of this project will be \$8,000,000.  
The anticipated date of filing the application is: December 13, 2013

The contact person for this project is Frank J. Gattuso, Jr. Executive Director  
 (Contact Name) (Title)

who may be reached at: Ave Maria Home 2805 Charles Bryan Road  
 (Company Name) (Address)

Bartlett  
 (City)

Tennessee  
 (State)

38134  
 (Zip Code)

901 / 386-3211  
 (Area Code / Phone Number)

Frank J. Gattuso, Jr.  
 (Signature)

12/03/13  
 (Date)

fjg@avemariahome.org  
 (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency  
 Andrew Jackson Building, 9<sup>th</sup> Floor  
 502 Deaderick Street  
 Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

# **ORIGINAL APPLICATION**

**December 23, 2013**  
**9:43am**

1. Name of Facility, Agency, or Institution

Ave Maria Home

Name

2805 Charles Bryan Road

Street or Route

Bartlett

City

TN

State

Shelby

County

38134

Zip Code

2. Contact Person Available for Responses to Questions

Frank J. Gattuso, Jr.

Name

Executive Director

Title

Ave Maria Home

Company Name

fjg@avemariahome.org

Email address

2805 Charles Bryan Road

Street or Route

Bartlett

City

TN

State

38134

Zip Code

Association with Owner

901-386-3211

Phone Number

901-405-3783

Fax Number

3. Owner of the Facility, Agency or Institution

Ave Maria Home

Name

901-386-3211

Phone Number

2805 Charles Bryan Road

Street or Route

Shelby

County

Bartlett

City

TN

State

38134

Zip Code

4. Type of Ownership of Control (Check One)

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

X

F. Government (State of TN or  
Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. Name of Management/Operating Entity (If Applicable)

N/A

December 23, 2013  
9:43am

Ave Maria Home

Name

2805 Charles Bryan Road

Street or Route

Shelby

County

Bartlett

City

TN

State

38134

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

- A. Ownership X D. Option to Lease \_\_\_\_\_  
 B. Option to Purchase \_\_\_\_\_ E. Other (Specify) \_\_\_\_\_  
 C. Lease of \_\_\_\_\_ Years \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. Type of Institution (Check as appropriate--more than one response may apply)

- |  |  |
|--|--|
| A. Hospital (Specify) _____  | I. Nursing Home <u>X</u>                     |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____    | J. Outpatient Diagnostic Center _____        |
| C. ASTC, Single Specialty _____  | K. Recuperation Center _____                 |
| D. Home Health Agency _____  | L. Rehabilitation Facility _____             |
| E. Hospice _____   | M. Residential Hospice _____                 |
| F. Mental Health Hospital _____  | N. Non-Residential Methadone Facility _____  |
| G. Mental Health Residential Treatment Facility _____                    | O. Birthing Center _____                     |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) _____ | P. Other Outpatient Facility (Specify) _____ |
|  | Q. Other (Specify) _____                     |

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- |  |   |
|--|---|
| A. New Institution _____   | G. Change in Bed Complement _____   |
| B. Replacement/Existing Facility <u>X</u>  | [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] |
| C. Modification/Existing Facility _____  |   |
| D. Initiation of Health Care Service as defined in TCA § 68-11-1607(4) (Specify) _____ | H. Change of Location _____   |
| E. Discontinuance of OB Services _____   | I. Other (Specify) _____  |
| F. Acquisition of Equipment _____  |   |

9. Bed Complement Data

28

SUPPLEMENTAL- # 1

December 23, 2013

9:43am

*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	30	30
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	75	_____	_____	_____	75
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	<u>75</u>	_____	_____	<u>30</u>	<u>105</u>

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 445490

Certification Type \_\_\_\_\_

11. Medicaid Provider Number 7440499

Certification Type \_\_\_\_\_

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? yes\* If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

\* See attached:

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.



\*Response to question #13:

The applicant has contracted with AmeriChoice and BlueCare.

## SECTION B: PROJECT DESCRIPTION

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response: Applicant is a 501(c) 3 corporation. Applicant proposes to continue to own, operate and construct 3 – 12 bed Green House® homes on its campus to replace an existing 35 - bed west wing of the remaining building and request 30 new additional beds for its campus to be constructed in conjunction with the Green House® Home model. Each Green House® Home on the main campus will be designed around the Eden principals and Green House concept. The first 3 Green House ® Homes will include 12 private rooms in each Home, 12 private baths, a large living “Hearth” room, open kitchen and support space. One home will have a room which is set up, but not in the bed count. Each Home will be approximately 7500 square feet. The additional 3 new Green House ® Homes will be designed with 10 private rooms in each Home, 10 private baths, a large living “Hearth” room, open kitchen and support spaces. The Green House® Homes will all be single story with the following major operational areas:

- a. The building(s) will provide each resident with individual heating and air controls in their individual rooms and a central heating and air system for the living “Hearth” room, kitchen and support spaces.
- b. The individual resident rooms will have a closet, built in shower, built in resident lift, and will allow the residents to bring more personal items in conjunction with the federal and state regulations which are currently in effect.
- c. The facilities will have common spaces, a common den, porch and secured patio area for residents and families to share.
- d. The three additional 10 bed Green House® Homes will have the den space converted into a rehabilitation room where speech, occupational and physical therapy could be provided. There will also be a therapy garden where residents can receive rehabilitation therapy outside when weather permits to allow for them to obtain their maximum potential.

The total cost of the project is estimated to be \$8 million. Applicant is in the process of raising the funds for the project. As of this date, the Ave Maria Foundation has committed \$1 million of current dollars. Since 1/2012, Ave Maria has raised \$951,548.06 from annual giving and programs. One private donor has committed \$1million. In addition, another proposal to a local foundation has been submitted for \$2 million and is contingent upon the Certificate of Need being approved. The remaining balance will be raised over the next two years from other foundations, organizations and individual donors. Short term financing may be used to cover construction while donations come. Applicant currently has a staffing pattern of 3.8 – 4.0 per patient day hours and will maintain this staffing pattern for the Green House® homes to be built.

- II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing

the attached Chart, applicants with hospital projects should complete Parts A – E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.- E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

- A. Response: The new facilities will offer several design advantages in comparison with the Applicant's current structure. The current facility consists of 4 Green House homes of 10 residents each and 35 beds in the west wing which was built in the early 1970's which Ave Maria would like to replace with 3 – 12 bed Green House® homes. Ave Maria would like to add 3 -10 bed Green House homes which would be utilized for Medicare patients as their focus. This would increase the licensed bed count to 105.

State of the Art Design: The new replacement facilities, 3 – 12 bed Green House® homes and the new additional 3 - 10 bed Green House® homes will be state of the art. These Homes will feature a toilet and sink for every resident in addition to a private bath in each room. Each room will also have an in-ceiling lift to assist residents and staff in transfers. There will be a common bathing area for those residents wishing to have a tub bath. Also, the one story design will enhance access and safety for residents and visitors. The individual rooms will allow for additional privacy for both the resident and family members. In particular, there will be enhanced dignity for those residents on hospice and/or at the end stage of life.

Gathering Area for Residents: The new facilities will enable the residents to gather together more frequently and to go shorter distances to activities and meals. This will encourage a greater independence among our residents. There will be a large living "Hearth" area, open dining area as well as den, porch and secured patio area for those wishing to venture outside. These areas have been utilized tremendously since the opening of our current Green House ® Homes.

Efficient circulation: The 3 – 12 bed Green House® Homes will allow residents a shorter distance to ambulate and circulate. Each Green House® home will be approximately 7000 square feet. This means that each resident will have shorter distances to travel than currently down the long institutional hallway in the facilities current west wing. The new additional 3 – 10 bed Green House® homes will allow for those residents to become higher functioning in the smaller space which will enhance their quality of life upon their discharge.

Enhanced security features: The Green House® homes will have enhanced security. There will be a key pad entrance to each home and a security code at the front and rear entrances to the Homes. Also, being that the space is smaller, the residents will have the ability to exit the Homes easier and faster in the event of an emergency.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated and/or redistributed by this applicant. Describe the reasons for the change in bed allocation and describe the impact the bed change will have on the existing services.

Response: Applicant seeks to relocate and replace 35 existing nursing home beds on its west wing, with 3 – 12 bed Green House® homes. These homes will include 35 private rooms on our current campus. One room will not be utilized. Ave Maria purchased 3.5 additional acres adjacent to its current campus (formally 2840 Charles Bryan Road) in order to build the new 3 – 10 bed Green House® homes. Applicant has evaluated the west wing of the current facility. The architect, Fleming and Associates as well as the

## SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

[illegible]

designated construction company have both evaluated the west wing and determined that renovating it would be very costly due to its age, design and physical structure. It would not lend itself to the type of facility which is needed now for long term care.

Applicant seeks to increase its number of beds by 30 with the additional 3 – 10 bed Green House® homes. This would increase its licensed bed count to 105. Ave Maria has purchased 3.5 additional acres across the street from 2805 Charles Bryan Road formally known as 2840 Charles Bryan Road. Ave Maria wants to offer elders private rooms which are showing increased demand for this level of care. Ave Maria's census since building the first Green House® homes continues to demonstrate strong demand for the care being provided at its current location. The proposed facilities will offer elders state of the art equipment and care enhancements which the current west wing does not provide. For example, the west wing has a two pipe heating and air system throughout the building and the elders have a difficult time regulating their temperature. Elders cannot have it warmer in his/her room while another elder have it a different temperature in the next room. The air system is either on cooling mode in the summer or warming mode in the winter. The new facilities will allow for individual controls in each elder's room. Also, the elder's in the west wing now have to bathe down the hall in a common shower room. The new apartments would have individual showers in each room.

Another example, in the current west wing is that an elder who needs to be transferred has to have a lift brought to the room. The new facilities will have built in lifts in each room in order to facilitate resident transfers. Also, the built in lifts will allow for assistance with resident bathing as well. The lifts will run from above the beds into the bathing area in each resident room. Also, these lifts may be utilized for gait training in the room for the individual resident.

- C. As the applicant, describe your need to provide the following health care services (if applicable to this application).

Response: Not applicable (NA). This proposal does not involve the initiation of any health care services.

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents(exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Services
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

- D. Describe the need to change location or replace an existing facility

Response: Applicant's principal reason for the replacement of the west wing is to replace an aging, increasingly inefficient and continually expensive to maintain structure with a modern, state of the art facility that will enhance the quality of care, quality of life and safety of our elders. Applicant's west wing was opened in 1970. At that time, it was state of the art and was designed to meet the needs of the elderly in the community. The current residents cannot control the temperature in their individual rooms, they can only determine if they want it warm or cool. The new facility will allow elders to have an individual bath for privacy. Presently, the residents who reside in the west wing must go down the hall to have a bath and there is no real privacy or dignity to the bathing process. The new facilities will meet and comply with all the Americans with Disabilities Act guidelines for the physical configuration.

A third important aspect is that the nurses will not have to push a medication cart through the hallways in order to pass medicines. The majority of the medicines will be stored in the elder's room so that there is privacy and dignity to medication administration. Each resident room will have a secured, individual medicine storage unit.

Fourth, elders living in the current west wing have to be transported to all meals and activities. The new facility will allow elders to be a part of the meals and activities at their convenience. The facilities will not have long hallways and will be more accessible to activities on a daily basis. These new facilities will empower the elders to have increased interaction with each other. Meal preparation, and other activities such as sitting out on their porch or patio become important times of meaningful engagement.

- E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

Response: Not applicable (NA). This project will not involve the acquisition of any major medical equipment.

- I. For fixed-site major medical equipment(not replacing existing equipment):
    - a. Describe the new equipment, including:
      1. Total cost
      2. Expected useful life
      3. List of clinical applications to be provided and
      4. Documentation of FDA approval.
    - b. Provide current and proposed schedules of operations
  2. For mobile major medical equipment;
    - a. List all sites that will be served
    - b. Provide current and proposed schedule of operations
    - c. Provide the lease or contract cost
    - d. Provide the fair market value of the equipment
    - e. List the owner of the equipment.
  3. Indicate applicants legal interest in equipment in the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.
- III. (A) Attach a copy of the plot plan of the site on an 8 ½" x 11" sheet of white paper which must include:
1. Size of site (in acres)
  2. Location of structure on the site and
  3. Location of the proposed construction
  4. Names of streets, roads or highways that cross or border the site.
- Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.**

Response: A copy is attached as Attachment B.3.A.

(B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response: Applicant is situated on a small street between two major highways, 64 and 70. The facility is easily accessible from either direction for potential clients. Public transportation, Memphis Area Transit Authority, has transportation available on Highway 64.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care Rooms (noting private or semi-private), ancillary areas, equipment areas, etc., on an 8 ½ x 11" sheet of white paper.

NOTE: **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted And need not be drawn to scale.

Response: A copy is attached as Attachment B.4.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches and
5. Proposed branches.

Response: Not Applicable (NA)

### **SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with Tennessee Code Annotated § 68-11-1609(b), no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care. The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated § 68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 ½ "x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

### **QUESTIONS**

#### **NEED**

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.
  - a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6 – 9) here.
  - b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c).

Response: The Guidelines for Growth contain one section relevant to determining whether a project is consistent with the implementation of the State Health Plan: (a) the statement of philosophy of the Health Planning Commission, contained on page 5 (note that references to the Health Planning Commission or "HPC" shall be deemed to refer to the current State Health Planning and Advisory Board.

#### **STATEMENT OF PHILOSOPHY**

The philosophy of the State Health Planning and Advisory Board is set forth on page 5 of Tennessee's Health Guidelines for Growth "Criteria and Standards for Certificate of Need" 2000 Edition (the Guidelines for Growth). The philosophy contains four components, each of which will be discussed below in relation to the Applicant's project:

- 1) The Health Planning Commission (HPC) supports a philosophy that directs the delivery of health care services to the most medically appropriate, least intensive (restrictive) and most cost-effective health care settings.

Response: The replacement of the Applicant's current nursing home facility's west wing with three 12-bed Green House® homes, plus the addition of 30 beds constructed in conjunction with the Green House Home® model, will enhance the Applicant's ability to provide medically appropriate and cost effective care to the residents for several reasons:

- a. The state-of-the art design will give each Green House resident a single story residence which is more home-like with a living room, dining room, and den for socialization. The object of the Green House® home is to de-institutionalize long term care by providing elders with a true home. The Green House® model is changing the long-term care model to a wellness environment of support for elders.
  - b. Each resident will have a private bedroom with bath to enhance dignity and privacy. In addition, each Green House ®home will have a secured patio for residents and family members to enjoy.
  - c. Residents are expected to maximize their functional capacity because of the small scale environment and freedom from institutional routines. Gathering spaces for elders will enhance their activities of daily living such as the living room with a fire place and the dining room for meals and socialization.
- 2) The HPC recognizes all institutions as equal regardless of ownership, i.e., for profit, not for profit, government, etc., but strongly favors those institutions that provide services to the elderly, categorically needy, and indigent patients.

Response: Currently, the Applicant's 34 of the 75 residents are Medicare and Medicaid recipients. All of the residents residing at the Applicant's current address are over 65 years of age and the average age is 90 years of age. Applicant has a current waiting list of 256 prospective residents of whom 54 are indicated to qualify for Medicaid. Applicant is a non-profit corporation that has been in service since 1956 and is committed to serving all the vulnerable populations.

Applicant intends to continue its commitment to the elderly, needy, and indigent residents by providing nursing home residents with Green House® homes. Applicant intends to offer residents on the west wing of the Legacy Home, apartments in the Green House® homes once completed. Applicant's admission policies and procedures will not change once Green House® homes are completed. The Applicant will adhere to the State of Tennessee's "Linton Law" which is to admit on a first come, first serve basis. All residents will be living in a Green House® home regardless of payer type. The service area of the facility will not be altered.

- 3) The HPC supports the position that every citizen regardless of ability to pay, should have access to the basic health care services, i.e., those services provided in a clinical setting or secondary hospital setting (basic inpatients care, obstetrics, primary surgical services and emergency care).



Response: The Applicant's residents will continue to have access to the following hospitals—Methodist Hospital North and St. Francis Hospital Bartlett. Other acute care facilities such as Baptist Hospital Memphis and Methodist Germantown Hospital are also available for our residents if needed. Applicant has transfer agreements with Methodist Hospital North and St. Francis Hospital Bartlett.

- 4) The HPC feels that preference should be given to patient accessibility, availability, and affordability needs when making a certificate of need determination of establishment, relocation, replacement or discontinuation of health care institutions or services.

Response: The Applicant's proposed project will help preserve current accessibility to nursing home services in the Applicant's service area of Shelby County. Applicant is increasing the size of the nursing home with 30 additional beds. If one considers the immediate 10-mile radius surrounding Applicant's proposed service area, the nursing home providers in the immediate area are running at an average annual occupancy of approximately 89.2% as shown in the below chart.

Name of Home	Distance from Applicant's Home	Occupancy Rate <sup>1</sup>
Applingwood Health Care	4.5 miles	92%
Grace Healthcare	8 miles	67%
Kings Daughters and Sons	4 miles	93%
Rainbow Rehab	4 miles	97%
Spring Gate Rehab	6 miles	97%

Applicant's proposed project will have no adverse effect in the service area. Accessibility and availability will not be a negative factor for this project to move forward. The one facility with the lowest occupancy is the one further away from the applicant. We believe it may encourage other long term care facilities to examine their current care practices and change their culture to accommodate elders in a more residential model such as the Green House® model. Affordability will not be a negative issue for this proposal due to the fact that this Applicant as well as the other facilities in the service area remain substantially occupied. Applicant may apply the usual percentage annual increases to its charge schedule, but these increases will not be any greater than the average percentage increase the Applicant has historically applied.

2. Describe the relationship of the project to the Applicant facility's long-range development plans, if any.

Response: This is the follow up to the previous CON #CN0803-012. The Applicant's long range development plans include constructing three-12 bed Green House® homes to replace an existing 35 bed west wing and construct new, 3, 10-bed Green House® homes, thereby providing an additional 30 bed for elders in our community, therefore increasing our licensed bed count to 105. These homes would provide private apartments with private bathrooms for all our nursing home residents, regardless of their ability to pay. These homes will offer residents more privacy and dignity while living at Ave Maria Home. This will complete the long range plans of the applicant.

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<sup>1</sup> Derived from the Joint Annual Reports for Nursing Homes for 2011 as obtained from the Tennessee Department of Health

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 ½" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response: "Service area" is defined with respect to nursing homes on pg. 11 in the Guidelines for Growth as the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility. Of the Applicant's 75 current residents, 68 resided in or originated in Shelby County and lived within 30 minutes of the facility. Moreover, of the 255 people on the wait list, 230 live in or reside in Shelby County. In fact, Bartlett, Tennessee is in the geographic center of Shelby County and a majority of the zip codes in Shelby County are within 30 minutes travel time from Bartlett. Therefore, this proposal is reasonable. See attachment C.3.

4. A. Describe the demographics of the population served by this proposal.

Response: Applicant's demographics of the population to be served are as follows: African Americans comprise 52.8% of the service area; 10.8% of Shelby County residents are 65 years of age or older. Approximately 170,000 people have some type of disability; and 52.3% are females in the service area.<sup>2</sup>

Profile of the Applicant's current resident population: Applicant's current resident population is 75 residents, all of whom were admitted on the first come, first serve basis as the State of Tennessee's "Linton Law" requires. Of the 75 residents, currently, (3) three residents are African American, 2 residents are Hispanic, and one resident is Asian/Pacific Islander. Fifty-nine of the 75 residents are women and 27 residents are Medicaid recipients. Applicant intends to continue its participation in the Medicaid program and its commitment to medically indigent residents. In addition, Applicant expects most of its total resident days will remain Medicaid with the addition of Green House® homes that will replace the Legacy House's west wing. In fact, the Green House® model expects all participating facilities to continue their participation in the Medicaid program.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low income groups. Document how the business plans of the facility will take into consideration the special needs of this service area population.

Response: Applicant's service area is currently Shelby County. Shelby County has a higher percentage of racial and ethnic minorities than the rest of the State of Tennessee. It also has a higher percentage of low income groups than other parts of the State.<sup>3</sup> Census figures from 2012 show Shelby County having 52.8% of African Americans compared to 17% of African-Americans for the entire state of Tennessee. 20.1% of Shelby County residents lives below the poverty level compared to 16.9% for the entire State of Tennessee.<sup>4</sup> The business plan of the Applicant is to continue to market our programs and services to the service area populations. As mentioned earlier, Applicant's current resident population has been given the first come first serve opportunity to move in per the "Linton Law" regulation of the State of Tennessee. Applicant's facility will remain accessible to these vulnerable populations by accepting those patients from the hospital who are most needy within the service area.

<sup>2</sup> Derived from <http://quickfacts.census.gov/qfd/states/47/47157.html>

<sup>3</sup> Derived from <http://quickfacts.census.gov/qfd/states/47/47157.html>

<sup>4</sup> Derived from <http://quickfacts.census.gov/qfd/states/47/47157.html>

Racial and Ethnic Minorities. Currently, 3 of our 75 residents are African- American, two are Hispanic, and one is Asian/Pacific Islander. Applicant currently has five African Americans and two Hispanics on its wait list for admission. All nursing home beds at Applicant's facility are dully certified, thereby allowing us to increase our racial and ethnic demographics.

Low-Income Groups: Currently 27 of the 75 residents are Medicaid recipients. Of the 255 applicants on the Applicant's wait list, 56 are classified as potentially being a Medicaid recipient. Applicant expects that it will maintain or increase its Medicaid recipient population once these Green House homes are completed. Further, the Green House® homes will provide a better quality of life for residents and address current and future needs of elders. Applicant does not turn anyone away for the inability to pay, in fact the applicant does not discharge anyone for the inability to pay.

Elderly: Currently all of the Applicant's 75 residents are aged 65 and older. The average age of our nursing home residents is 90. Applicant is a non-profit corporation whose mission is to serve the frail and elderly. Application will continue serve all these vulnerable populations.

5. Describe the existing or certified services, including approved but unimplemented CONs of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient beds must include the following date: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g. cases, procedures, visits, admissions, etc.

Response: Please see Attachment C.5. for the licensed bed occupancies of each institution, listed in alphabetical order, expressed in terms of percentages for the years 2009, 2010, and 2011, from the Joint Annual Reports which were obtained from the Tennessee Department of Health. The applicant does not know of any unimplemented CON'S in its service area.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additional, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

Response: The applicant's occupancy statistics are as follows:

2012: 94.44%  
2011: 96.89%  
2010: 97.15%

The data is available on Attachments C.5. The methodology used is based upon historical data to project the occupancy for the three -12 bed Green Houses replacing the west wing of the Applicant's Legacy Home, and for the three, new, 10-bed Green House® homes. Each week, the Applicant receives 4-10 referrals from local hospitals, hospice agencies, and skilled nursing facilities. Based on the Applicant's wait list of 255 potential residents, the Applicant believes its high occupancy will be maintained. We know that potential residents want to have private rooms and desire the privacy and quality of life offered by our Green House® homes. Applicant's occupancy dropped slightly from 2010 – 2012 due to the implementation of constructing its current Green House® homes.

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON Filing Fee should be calculated from Line D. (See Application Instructions for Filing Fee).

The cost of any lease (building, land, and/or equipment) should be based on fair market value of the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

For projects that include new construction, modification, and /or renovation; **documentation must be** provided from a contractor and/or architect that support the estimated construction costs.

Response: See page 19A and 19B for the answers to this question

2. Identify the funding sources for this project

Please check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility – 2.)**

- ☐ A. Commercial loan – Letter from lending institution or guarantee stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions.
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance.
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate
- ☐ D. Grants – Notification of intent form for grant applications or notice of grant award; or
- ☒ E. Cash Reserves – Appropriate documentation from Chief Financial Officer.
- ☒ F. Other – Identify and document funding from other sources.

Response: See Attachment C, Economic Feasibility – 2. Applicant is in the process of raising the funds for the project. As of this date, the Ave Maria Foundation has committed \$1 million of current dollars. Since 1/2012, Ave Maria has raised \$951,548.06 from annual giving and programs. One private donor has committed \$1 million. In addition, another proposal to a local foundation has been submitted for \$2 million and is contingent upon the Certificate of Need being approved. The remaining balance will be raised over

# PROJECT COSTS CHART

## SUPPLEMENTAL #2

January 7, 2014

10:05 AM

### A. Construction and equipment acquired by purchase:

1. Architectural and Engineering Fees \$ 355,000.00
2. Legal, Administrative (Excluding CON Filing Fee),  
Consultant Fees 50,000.00
3. Acquisition of Site 350,000.00
4. Preparation of Site 6,390,000.00
5. Construction Costs 200,000.00
6. Contingency Fund 350,000.00
7. Fixed Equipment (Not included in Construction Contract) 100,000.00
8. Moveable Equipment (List all equipment over \$50,000)
9. Other (Specify)

### B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)
2. Building only
3. Land only
4. Equipment (Specify)
5. Other (Specify)

### C. Financing Costs and Fees:

1. Interim Financing \$ 125,000.00
2. Underwriting Costs
3. Reserve for One Year's Debt Service
4. Other (Specify) 62,000.00

### D. Estimated Project Cost (A+B+C)

### E. CON Filing Fee

### F. Total Estimated Project Cost (D+E)

TOTAL \$ 7,999,960.00

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## GRACE CONSTRUCTION COMPANY, INC.

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November 13, 2013

Mr. Frank Gattuso, Jr.  
Executive Director  
Ave Maria  
2805 Charles Bryan Road  
Bartlett, TN 38134

RE: Greenhouse Cottages

Dear Frank:

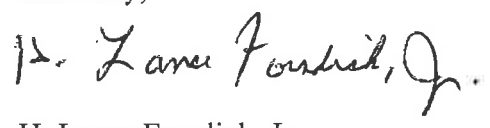
Summarized below is the initial preliminary budget for the six Greenhouse cottages per the current plans and narratives provided by Fleming Associates. Currently contemplated are 3) 12 bedroom homes and 3) 10 bedroom homes located on the south campus (formerly 2840 Charles Bryan Road).

Demolition and Site Work	\$ 350,000
Building Construction (45,000 sf x \$142 psf)	6,390,000
Furnishings, Fixtures & Equipment	350,000
Phone, Computer, Technology	100,000
Architectural & Engineering Fees	355,000
Legal, Taxes, Insurance, Misc.	50,000
Fundraising & Marketing Expenses	50,000
Construction Interest & Loan Fee	125,000
CON Filing Fee	18,000
Contingency	<u>200,000</u>
Total	\$ 8,000,000

As we have discussed, we will revise and update the budget periodically as the drawings progress and, upon completion of the drawings, solicit competitive bids. I would expect to realize some savings through the "value engineering" process and the competitive bid process. We have already discussed a few ideas with Steve.

I hope this is helpful and I look forward to reviewing the detail with you and the committee.

Sincerely,

A handwritten signature in cursive script that reads "H. Lance Forsdick, Jr.".

H. Lance Forsdick, Jr.  
President

Cc: Steve Landwehr, Fleming & Associates

### HISTORICAL DATA CHART

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in July (Month).

	Year <u>2011</u>	Year <u>2012</u>	Year <u>2013</u>
A. Utilization Data (Specify unit of measure) <sup>Resident + Care DAYS</sup>	<u>26,865</u>	<u>25,661</u>	<u>26,746</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u>\$5,224,811</u>	<u>\$5,513,823</u>	<u>\$6,423,891</u>
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue (Specify) <u>Beauty Shop + Donations</u>	<u>47,618</u>	<u>75,569</u>	<u>103,344</u>
Gross Operating Revenue	<u>\$5,272,429</u>	<u>\$5,589,392</u>	<u>\$6,527,235</u>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$209,344</u>	<u>\$102,100</u>	<u>\$293,746</u>
2. Provision for Charity Care			
3. Provisions for Bad Debt	<u>&lt;1610</u>	<u>&lt;112,103</u>	<u>&lt;17,214</u>
Total Deductions	<u>\$79,334</u>	<u>\$122,009</u>	<u>\$310,960</u>
NET OPERATING REVENUE	<u>\$5,353,753</u>	<u>\$5,367,183</u>	<u>\$6,286,275</u>
D. Operating Expenses			
1. Salaries and Wages	<u>\$2,913,327</u>	<u>\$3,402,546</u>	<u>\$3,431,560</u>
2. Physician's Salaries and Wages			
3. Supplies	<u>328,509</u>	<u>393,436</u>	<u>442,157</u>
4. Taxes	<u>4,459</u>	<u>5,610</u>	<u>7,971</u>
5. Depreciation	<u>96,523</u>	<u>221,910</u>	<u>299,621</u>
6. Rent			
7. Interest, other than Capital			
8. Other Expenses (Specify) <u>See Attachment</u>	<u>2,622,661</u>	<u>3,157,551</u>	<u>3,219,200</u>
Total Operating Expenses	<u>\$6,091,479</u>	<u>\$7,126,573</u>	<u>\$7,400,395</u>
E. Other Revenue (Expenses) - Net (Specify) <sup>INCOME</sup> <sub>INCOME</sub>	<u>\$321,130</u>	<u>\$16,221</u>	<u>\$206,840</u>
NET OPERATING INCOME (LOSS)	<u>\$441,596</u>	<u>\$1,796,520</u>	<u>\$590,872</u>
F. Capital Expenditures			
1. Retirement of Principal	<u>\$0</u>	<u>\$1470,000</u>	<u>\$503,000</u>
2. Interest	<u>\$291,478</u>	<u>\$122,374</u>	<u>\$765,318</u>
Total Capital Expenditures	<u>\$291,478</u>	<u>\$1,592,374</u>	<u>\$1,268,318</u>
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	<u>\$150,118</u>	<u>\$2,204,146</u>	<u>\$322,554</u>



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Ave Maria Home

## Schedule A

		2011	2012	2013
11	Employee Benefits	297,192	465,044	354,989
12	Temporary Staffing	57,727	535	10,203
13	Utilities	111,298	146,200	160,219
14	Repairs	41,732	143,903	129,683
15	Maintenance Contracts	83,552	70,483	66,321
16	Postage & Delivery	7,695	8,950	10,845
18	Bank Charges	4,158	13,533	14,077
19	Insurance	335,322	365,660	383,218
20	Communications	15,453	20,413	17,797
21	License & Dues	179,804	183,519	183,487
22	Professional and Consultant Fees	181,407	218,939	207,113
23	Travel	13,932	10,415	12,181
24	Purchased Services	40,690	39,476	35,299
25	Miscellaneous	13,147	21,745	21,788
26	Medicare related expenses	294,426	320,338	423,808
28	Payroll taxes	258,465	306,308	301,856
29	Raw Food	234,175	242,812	248,622
30	Freight	20,578	20,005	30,594
31	Advertising	12,794	15,717	22,959
32	Computer Services	43,998	32,652	43,055
33	Office Supplies	29,042	19,501	21,394
34	Health Insurance	412,074	491,403	519,492
	Total Other	2,688,661	3,157,551	3,219,000

PROJECTED DATA CHART

SUPPLEMENTAL- # 4

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month). **January 29, 2014 10:40am**

	Year <u>2017</u>	Year <u>2018</u>
A. Utilization Data ( <u>Care Days</u> Specify unit of measure)	<u>3,081</u>	<u>8,374</u>
B. Revenue from Services to Patients		
1. Inpatient Services	\$ <u>1,489,637</u>	\$ <u>4,145,130</u>
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
Gross Operating Revenue	\$ <u>1,489,637</u>	\$ <u>4,145,130</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ <u>(176,356)</u>	\$ <u>(497,416)</u>
2. Provision for Charity Care	<u>(6,000)</u>	<u>(6,000)</u>
3. Provisions for Bad Debt	<u>(15,000)</u>	<u>(15,000)</u>
Total Deductions	\$ <u>(197,356)</u>	\$ <u>(518,416)</u>
NET OPERATING REVENUE	\$ <u>1,272,281</u>	\$ <u>3,626,714</u>
D. Operating Expenses		
1. Salaries and Wages	\$ <u>714,334</u>	\$ <u>1,338,150</u>
2. Physician's Salaries and Wages	_____	_____
3. Supplies	<u>146,060</u>	<u>398,035</u>
4. Taxes	_____	_____
5. Depreciation	<u>112,500</u>	<u>112,500</u>
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	_____	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses (Specify) <u>Schedule 'A'</u>	<u>569,375</u>	<u>766,390</u>
Total Operating Expenses	\$ <u>1,542,269</u>	\$ <u>2,615,075</u>
E. Other Revenue (Expenses) -- Net (Specify)	\$ <u>—</u>	\$ <u>—</u>
NET OPERATING INCOME (LOSS)	\$ <u>(269,988)</u>	\$ <u>1,011,639</u>
F. Capital Expenditures		
1. Retirement of Principal	\$ <u>0</u>	\$ <u>0</u>
2. Interest	<u>0</u>	<u>0</u>
Total Capital Expenditures	\$ <u>0</u>	\$ <u>0</u>
NET OPERATING INCOME (LOSS)	\$ <u>(269,988)</u>	\$ <u>1,011,639</u>
LESS CAPITAL EXPENDITURES		

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Ave Maria Home  
Projected Date Chart - 30 Bed  
Schedule A

		2017	2018
11	Employee Benefits - Including PR Taxes / Health Insurance	238,111	446,050
13	Utilities	54,000	54,810
14	Repairs	9,000	9,000
15	Maintenance Contracts		
16	Postage & Delivery	1,200	1,200
18	Bank Charges		
19	Insurance	15,000	15,000
20	Communications	3,000	3,000
21	License & Dues	83,000	83,000
22	Professional and Consultant Fees	4,133	10,819
23	Travel	1,200	1,200
24	Purchased Services	2,400	3,300
25	Miscellaneous	4,685	12,756
26	Medicare related expenses	9,252	25,173
28	Payroll taxes - In employee benefits		
29	Raw Food	32,994	89,682
30	Freight	2,400	2,400
31	Advertising	6,000	6,000
32	Computer Services	1,200	1,200
33	Office Supplies	1,800	1,800
	Start up cost	100,000	0
	Total Other	569,375	766,390

Ade Maria Henu

Greenhouses - (5)

12 DEC '12 #12

PROJECTED DATA CHART

36 SUPPLEMENTAL- # 1

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

December 23, 2013  
9:43am

Year 2017 Year 2018

A. Utilization Data (Specify unit of measure)

\_\_\_\_\_

B. Revenue from Services to Patients

1. Inpatient Services

\$ \_\_\_\_\_

2. Outpatient Services

\_\_\_\_\_

3. Emergency Services

\_\_\_\_\_

4. Other Operating Revenue (Specify) \_\_\_\_\_

\_\_\_\_\_

Gross Operating Revenue

\$ \_\_\_\_\_

C. Deductions from Gross Operating Revenue

1. Contractual Adjustments

\$ \_\_\_\_\_

2. Provision for Charity Care

\_\_\_\_\_

3. Provisions for Bad Debt

\_\_\_\_\_

Total Deductions

\$ \_\_\_\_\_

NET OPERATING REVENUE

\$ 0 \$ 0

D. Operating Expenses

1. Salaries and Wages

\$ 34,464 \$ 34,981

2. Physician's Salaries and Wages

\_\_\_\_\_

3. Supplies

\_\_\_\_\_

4. Taxes

\_\_\_\_\_

5. Depreciation

112,500 112,500

6. Rent

\_\_\_\_\_

7. Interest, other than Capital

\_\_\_\_\_

8. Management Fees:

a. Fees to Affiliates

\_\_\_\_\_

b. Fees to Non-Affiliates

\_\_\_\_\_

9. Other Expenses (Specify) Schedule A

103,626 104,928

Total Operating Expenses

\$ 250,590 \$ 252,409

E. Other Revenue (Expenses) -- Net (Specify)

\$ 0 \$ 0

NET OPERATING INCOME (LOSS)

\$ (250,590) \$ (252,409)

F. Capital Expenditures

1. Retirement of Principal

\$ 0 \$ 0

2. Interest

0 0

Total Capital Expenditures

\$ 0 \$ 0

NET OPERATING INCOME (LOSS)

LESS CAPITAL EXPENDITURES

\$ (250,590) \$ (252,409)

49  
Ave Maria Home  
Projected Date Chart - 36 Bed  
Schedule A

#12  
**SUPPLEMENTAL- # 1**  
**December 23, 2013**  
**9:43am**

		2017	2018
11	Employee Benefits - Including PR Taxes / Health Insurance	29,226	29,664
13	Utilities	54,000	54,810
14	Repairs	5,400	5,454
15	Maintenance Contracts		
16	Postage & Delivery		
18	Bank Charges		
19	Insurance	15,000	15,000
20	Communications		
21	License & Dues		
22	Professional and Consultant Fees		
23	Travel		
24	Purchased Services		
25	Miscellaneous		
26	Medicare related expenses		
28	Payroll taxes - In employee benefits		
29	Raw Food		
30	Freight		
31	Advertising		
32	Computer Services		
33	Office Supplies		
	Start up co Health Insurance		
	<u>Total Other</u>	103,626	104,928

Section C. (Economic Feasibility) Item 5

	2017
Gross Operating Revenue	1,469,637
Projected patient days	3,081
Average Gross Charge	477.00
Less: Deductions	(197,356)
Net Charge	1,272,281
Average net charge	412.94

the next two years from other foundations, organizations and individual donors. Short term financing may be used to cover construction while donations come.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response: The Applicant believes the project costs to be reasonable in relation to the type of facilities which Applicant has just completed and have been constructed on its own campus over the past several years. The Applicant's own costs for its Green House ® homes was \$200 per square foot. The Applicant's costs ran somewhat higher due to the types of materials utilized in the construction. The Applicants also furnished each room at a substantially higher cost in order to create a homelike environment. In 2008, Rainbow Health and Rehab was under construction in the Applicant's service area. The 112 bed facility with an estimated \$5,980,000.00 cost was expected to be 46,289 square feet. If this held true, the cost per square foot was toward the upper range of \$135.00 - \$140.00. This was five years ago. If inflation was around 2% - 4% per year over the past five years; the cost today for that building might be in the \$165.00 - \$175.00 per square foot. It would be reasonable to state that the Green House ® model is more expensive to construct due to the multiplicity of the projects.

4. Complete Historical and Projected Data Charts on the following two pages—**Do Not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, included anticipated revenue from the proposed beds only, not from all beds in the facility).

Response: See pages 20A, Historical Data Chart and 20B, Projected Data Chart.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response: Project's Average Gross Charge	\$324.37
Project's Average Deduction	(11.87)
Project's Average Net Charge	312.50

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to the current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recent approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) codes(s).

Response:

Ave Maria Home

	Current Rates	Projected 17	Projected 18	Projected 19

Private Pay L1	198.00	206.00	214.40	223.00
Medicaid L1	170.57	175.67	180.27	185.67
Hospice L1	170.57	175.67	180.27	185.67
Private Pay L2	213.00	249.17	259.13	269.50
Medicare L2	450.00	477.00	486.00	495.00
Medicaid L2	171.15	175.00	180.27	185.67
Hospice L2	171.15	175.00	180.27	185.67

Similar Facility (Within 5 mile radius)

Private Pay L1	230.00	237.00	243.00	251.00
Medicaid L1	185.00	196.00	202.00	209.00
Hospice L1	185.00	196.00	202.00	209.00
Private Pay L2				
Medicare L2	401.00	410.00	414.00	419.00
Medicaid L2	185.00	196.00	202.00	209.00
Hospice L2	185.00	185.00	185.00	185.00

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response: The utilization rate of the three, 12-bed Green House® homes which will replace the west wing is anticipated to be 100% upon completion. The utilization rate in the three new, 10-bed Green House® homes is anticipated to be 33% after the first year, 66% after the second year and 100% by the end of year three. Applicant knows that private rooms are desired and will be an effective alternative to semi-private rooms in the Applicant's service area. These utilization rates are sufficient to be cost effective since full staffing can be maintained and we will not have staff turnover/changes due to empty beds.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response: Based on cash projections, the facility is expected to be in a positive cash position during the first year the 3-12 bed Green House homes are open and remain in a positive cash position each year thereafter. The additional 3- 10 bed Green House® homes will take up to three years to reach continual capacity. However, the applicant believes that if marketed correctly, the capacity will be reached sooner which will make the project cash flow sooner that anticipated.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, Tenn-Care/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of Tenn-Care, Medicare, or other state and federal sources for the proposal's first year of operation.

Response: The facility currently participates in the Medicaid Level 1, Medicaid Level 2 and Medicare programs. Applicant believes that since it is in the center of Shelby County, the 3 – 10 bed additional Green House ® homes will increase the Applicant's ability to serve the medically indigent within its service area.

See below for projected breakdown of days.

		Forecasted Days First Year	Forecasted Rev. First Year
Private Pay	L1	14,191	3,535,971.00
Medicaid	L1	8,919	1,566,801.00
Hospice	L1	238	41809.00



Private Pay	L2		
Medicare	L2	6,520	3,110,040.00
Medicaid	L2		
Hospice	L2		
Medicare Part B			
Total		29,868	8,254,622.00

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in correct alpha-numeric order and labeled as Attachment C. Economic Feasibility-10.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

A discussion regarding the availability of less costly, more effective, and /or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

The applicant should document that consideration has been given to alternatives to new construction, e.g. modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response: Applicant examined adding a new institutional facility to its current facility 5 years ago. However, after having an architectural drawing completed and initiating the fundraising, the Governing Board of the Applicant began questioning if another large institutional facility would be sufficient to care for seniors over the next 10- 20 years. The Governing Board of the Applicant began examining new models of care from around the country. The Green House® Model was selected after discussions with the architect who designed the model and after visiting Traceway Health Care Center in Tupelo where the first Green House® homes were constructed. There was also discussions with the Green House Project® head of operations. Again, the Green House ® Project Director believes that Green House ® homes are the model of the future. Those discussions have led to this CON. A committee of the Board examined staffing patterns, their costs and design of the facility. It was agreed that a more home-like environment was preferred over a new institutional facility. The thought was that we could improve on how we continue to provide the highest standard of care to seniors in a home-like atmosphere. The existing wing, which is being replaced, was built in 1970. It would certainly cost more to attempt to renovate this area than to discontinue its use as a nursing home. The Governing Board wants to re-use the area in the future for low income residents who need assisted living level of care. Our service to the marginalized is an important part of our mission and we believe there will be an increasing need for this type of care and services.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Response: Applicant currently has transfer agreements with Methodist Hospital – North, St Francis Hospital – Park, and St. Francis Hospital – Bartlett. However, Applicant has transferred patients to Methodist Hospital – Germantown and Baptist Memorial Hospital. Applicant maintains an evacuation agreement with the King’s Daughters and Sons Home. Applicant also maintains agreements with Paradigm

Behavioral Health Services, Tri-Med Pharmacy, Radiographics for x-ray services and Crossroads Hospice and Methodist Hospice.

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

Response: Applicant's proposed project will help preserve the health care system in the service area. In fact, the project will actually continue to raise the standard for long term care facilities in the service area. The Green House ® homes proposed for this project will produce a "homelike" setting for the residents who will reside in the proposed homes. This is in compliance with the federal and state regulations which attempt to encourage a "homelike" atmosphere in current facilities. Current facilities in the service area are attempting to produce a "homelike" atmosphere and setting in an institution. This really is virtually impossible. Demand for private rooms in the long term care setting will only increase as the baby boom generation ages. Applicant is not aware of any negative effects this project will have on the current health care system in the service area. Moreover, if one considers the immediate 10-mile radius surrounding Applicant's proposal, the nursing home providers in that radius are running at an average occupancy rate of approximately 89.2 %. There is only one facility in the service area which the applicant believes due to several reasons skews the occupancy numbers. Applicant believes the service area will benefit from additional Green House ® homes. See the chart below:

Name of Home	Distance from Applicant	Occupancy
Applingwood Health	4.5 miles	92%
Grace Healthcare	8 miles	67%
Spring Gate Rehab	6 miles	93%
King's Daughters and Sons	4 miles	97%
Rainbow Health	4 miles	97%

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor and Workforce Development and/or other documented sources.

Response: Applicant currently provides care between 3.8 – 4.0 hours per patient day. Applicant's staffing has increased since opening its first Green House® homes. This staffing pattern will remain in place or may increase once the project is up and running. Applicant currently has the following FTEs in place for 75 residents:

	Licensed Nursing Personnel	Nurse Aides
7 – 3	2.5 RN 3 LPN	11 2 (Restorative)
3 – 11	4 LPN	9
11 – 7	3 LPN	8

This does not include the 2 LPN's who perform the MDS assessments nor the RN who is in charge of staff education. The Tennessee Department of Labor salary ranges for LPN's according to their website are as follows: Mean Wage is \$18.80/hr.; the entry wage is listed at \$14.10/hr.; the experienced wage is \$21.10/hr. The State of Tennessee has a mean wage of \$10.85/hr. for nurse aides; the entry wage for nurse aides is \$8.55/hr.\*\* By comparison, the Applicant presently has a mean wage for its LPNs at \$21.29/hr.; the mean wage for the applicant's nurse aides is \$12.50/hr. Applicant seeks to be a preferred employer so as to hire the very best it can to provide the highest level of care.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response: Applicant will proceed with current staff if they are interested in being a part of the project. Applicant has initiated conversation with staff members about what the new project will require and the different type of demands that it will hold for nursing assistants in particular. Also, applicant may have to search for certified nurse aides from the community at large. The paradigm for this project will require additional staff training and evaluation of the staff by the applicant. Presently, the applicant's nursing department is staffed at 3.8 - 4.0 hours per patient day. Education will be of the utmost importance to continue the Green House ® home model of care. In fact, the applicant has hired an Education Director who will coordinate an additional 120 hours of training for certified nurse aides in order to fulfill the requirements of the Green House ® model. The applicant had to provide this additional training for the first 4 Green House ® homes it opened previously.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

Response: Applicant is in compliance with all applicable licensing certifications as required by the State of Tennessee for its medical/clinical staff. Applicant's size and specialty mix of current professional staff will be adequate for the new Green House ® model. In fact, there will be added value with the Green House ® staff in that there will be additional training for the members of each home. Quality assurance policies will be reviewed and evaluated to ensure certifications are met.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc.(e.g., internships, residencies, etc.)

Response: The applicant from time to time participates in the training of students in the areas of medicine, nursing and social work. Presently, applicant has an agreement with Christian Brothers University to provide residency programs with Physician Assistant (PA) training. Dr. Hines, the medical director for the applicant as well as Dr. Burns are providing on-site training for the PA program. There are presently two students from the University receiving training. Also, the applicant has partnered with the University of Memphis School of Social Work and has 1 bachelor's and one master's student interning for the next two semesters.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.
- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.
- Licensure:
- Accreditation:
- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.
- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of

correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response: Applicant has reviewed and understands the licensure requirements of the Department of Health, Department of Mental Health and Developmental Disabilities, and the Division of Mental Retardation Services. Applicant has received licensure approval from the State of Tennessee Department of Health. . A copy of the current license is attached as Attachment C.7.c. Applicant has also included the latest licensure/certification inspection with the plan of correction. This is Attachment C.7.d

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response: There are no final orders or judgments entered into by anyone in regards to licenses held by the applicant. No one has any ownership interest in this project. Applicant is a non-profit nursing home.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

Response: Applicant has not had any civil or criminal judgments against any person connected with the project. No one has any ownership interest in the project.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response: The applicant will provide any information requested by the Tennessee Health Services and Development Agency or any reviewing agency concerning the patients which are treated as well as any other data which may aide in the development and evaluation of the Green House ® model for long term care. Applicant hopes that this will be a continuance of the culture change which needs to take place in long term care.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

Form HF0004  
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### PUBLICATION OF INTENT State of Tennessee Health Services and Development Agency NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. §68-11-1602 et seq. and the Rules of the Health Services and Development Agency, that Ave Maria Home (Applicant), 2805 Charles Bryan Road, Bartlett (Shelby County), TN 38134, a Tennessee non-profit 75-bed nursing home owned and managed by itself, intends to file an application for a Certificate of Need for the replacement of 35 (of the current 75 beds) skilled nursing beds, which are certified for Medicare and Medicaid and are residing in an old nursing home wing at 2805 Charles Bryan Road, Bartlett, TN 38134. Applicant is also requesting 30 additional skilled nursing beds that will be certified for Medicare. If this application is approved, Applicant's skilled nursing facility will have a total of 105 skilled nursing beds. The 35 replacement skilled nursing beds will be housed in three Green House® homes to be built on the Applicant's property located at 2805 Charles Bryan Road, Bartlett, TN 38134. The additional 30 skilled nursing beds will be housed in three Green House® homes to be built on the Applicant's property located at 2840 Charles Bryan Road, Bartlett, TN 38134. These skilled nursing beds will be part of a retirement community which includes skilled nursing beds, assisted living beds, dementia care, an Adult Day Center program, and a HomeCare program. The skilled beds will be licensed by the Tennessee Department of Health, Board for Licensing Health Care Facilities. Services to be provided for the proposed beds include a full range of skilled nursing services, including intermediate and skilled level nursing, as well as rehabilitation and therapy services. No major medical equipment will be required. The total estimated cost for this project will be \$8,000,000.

The anticipated date of filing the application is December 13, 2013.

The contact person for this project is Frank J. Gattuso, Jr., Executive Director, who may be reached at: Ave Maria Home, 2805 Charles Bryan Road, Bartlett, TN 38134, 901-386-3211.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted.

Written requests for the hearing should be sent to:  
**Health Services and Development Agency**  
Andrew Jackson Building, 9th Floor  
502 Doadrick Street  
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. §68-1101607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any



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Vehicle Notices

913

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**SEEKING** clear title on a 1998 Ford Explorer VIN # 1FMVU32E1WUA28098. Anyone holding an interest in this vehicle contact by certified mail, return receipt requested within 10 business days of this notice. L. Summers, 3365 S. bota, Cir. #202, Memphis, TN 38109.



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**Vehicle Parts, Accessories & Service** 938

**"MOTORS INSTALLED" REBUILTS & USED** Financing available. Credit cards accepted. **HUTCH'S AUTO SERVICE** 5093 Rd., LaGrange 379-0203

**Transmissions & Engines** Rebuilt-foreign and Domestic. \$820 - \$3500. Free towing. (901) 354-4153

**Antique Vehicles & Parts** 945

**WANTED** I BUY ANTIQUE CARS CLASSICS. Call for highest Cash offer. 901-219-5569

**Trucks, SUV's and Vans** 955

**CADILLAC 10SRX**, Premium, black, Nav, chrome wheels, 55K miles. Certified warranty. 901-218-9105, Keith Dial

**BUD DAVIS CADILLAC**

**CADILLAC 12 Escalade** Luxury, Certified Diamond white, 45K mi, \$58,989 incl \$499 doc, excl tll. #25645. Oscar Finch, 901-282-7772

**BUD DAVIS CADILLAC**

Trucks, SUV's and Vans

955

**CADILLAC 12 ESXV**, 22" chrom whls, heated/cooled seats, dvd, parking pk only 15K mi, Certified \$59,989 incl \$499 doc+ tll. #25644. Glenn Curry, 901-355-8490

**BUD DAVIS CADILLAC**

**CHEVROLET 10 Equinox**, 3.7 rear entertainment, loaded, non-smoker, cross-over. For a deal call Keith Dial, 901-218-9105

**BUD DAVIS CADILLAC**

**Chevrolet 10 Equinox**, Navy DVD, 3.7, 32K mi, \$24,989

**CHEVY '05 Express 3500** Van (3) 6.0L V8, excellent shape. 107,408 miles. \$10,000. Also, 124,089 miles \$9500. 124,771 miles \$9300. Work bands, ladder rack & conduit box incl. 901-323-1408

**FORD 11 Expedition** XLT, 52K miles, clean, good con. one owner, \$25000. (731) 679-9237

**JEEP '96 GR. CHEROKEE** Ltd., loaded, CD player, 4 dr, 4 liter, 6 cyl, 150K mi, \$2300 cash. (901) 653-1435

**LEXUS RX 330**, 40K mi, front line nice, must see to appreciate, priced right! Ask for Keith Dial, 901-218-9105

**BUD DAVIS CADILLAC**

**Automobiles For Sale** 960

**ACURA 97 CL**, extra clean, new tires, everything works. \$2650. **PONTIAC 97** Grand Am, runs excellent, low miles, \$1650 901-910-5687

**BMW 11 335i**, M series pkg with Navi, 33K mi, \$41,989 incl \$499 doc, excl tll. #25664. Ken Walden, 901-540-1492

**BUD DAVIS CADILLAC**

**BMW 98 740 IL** Perfect condition. \$4200. Please serious calls only. 901-445-5623 901-413-9490

**BUICK '05 LESABRE** Custom, Excel cond, Clean, Non-smoker, 1 Owner, 164K MI, \$4750 OBO. 901-877-4555

**BUICK '11 Lucerne**, Lefte, 1en 1thr, fresh trade, \$19,382 Incl \$499 doc+ tll #25648A Ron Lewis, 901-570-4550

**BUD DAVIS CADILLAC**

# AUTOMOTIVE GUIDE

Audi	Chrysler/Plymouth	Hyundai	Mitsubishi	Volkswagen
Gossett Audi 1875 Covington Pike 901-388-8989	Gossett Chrysler 1901 Covington Pike 901-371-9200	Gossett Hyundai South 2660 Mt. Mariah 901-333-9000	Gossett Mitsubishi 1901 Covington Pike 901-388-8989	Gossett Volkswagen of Germantown 7420 Winchester Road 901-333-8989
Buick	Dodge	Jeep	Nissan	Used Cars
Sunrise Buick 1800 Covington Pike 901-372-8000	Gossett Dodge 1901 Covington Pike 901-371-9200	Gossett Jeep 1880 Covington Pike 901-388-8989	Jim Keras Nissan 2110 Covington Pike 901-373-2880	Gossett Volkswagen 1875 Covington Pike 901-388-8989
Sunrise Buick 4605 Houston Levee, Collierville 901-399-8600	GMC	Jeep	Wolfchase Nissan 2956 N. Germantown Rd. 901-255-3800	Super Center
Sunrise Buick @ Wolfchase 8500 Stone Road (Hwy. 64) 901-333-9300	Sunrise GMC 1800 Covington Pike 901-372-8000	Gossett Jeep 1901 Covington Pike 901-371-9200	Porsche	Gossett Used Cars 1900 Covington Pike 901-363-6556
Chevrolet	Sunrise GMC 4605 Houston Levee, Collierville 901-399-8600	Kia	Gossett Porsche 1875 Covington Pike 901-388-8989	Look
	Sunrise GMC	Gossett Kia 1900 Covington Pike 901-363-6556	Subaru	

## PROJECT COMPLETION FORECAST CHART

December 23, 2013

9:43am

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): \_\_\_\_\_

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	<u>Pending</u>	<u>3/2014</u>
2. <u>Construction documents approved by the Tennessee Department of Health</u>	<u>To BE submitted</u>	<u>4/2014</u>
3. <u>Construction contract signed</u>	<u>Pending</u>	<u>4/2014</u>
4. <u>Building permit secured</u>	<u>120 days</u>	<u>8/2014</u>
5. <u>Site preparation completed</u>	<u>180 days</u>	<u>10/2014</u>
6. <u>Building construction commenced</u>	<u>210 days</u>	<u>11/2014</u>
7. <u>Construction 40% complete</u>	<u>365 days</u>	<u>3/2015</u>
8. <u>Construction 80% complete</u>	<u>425 days</u>	<u>5/2015</u>
9. <u>Construction 100% complete (approved for occupancy)</u>	<u>455 days</u>	<u>6/2015</u>
10. <u>*Issuance of license</u>	<u>485 days</u>	<u>7/2015</u>
11. <u>*Initiation of service</u>	<u>500 days</u>	<u>8/2015</u>
12. <u>Final Architectural Certification of Payment</u>	<u>500 days</u>	<u>8/2015</u>
13. <u>Final Project Report Form (HF0055)</u>	<u>500 days</u>	<u>8/2015</u>

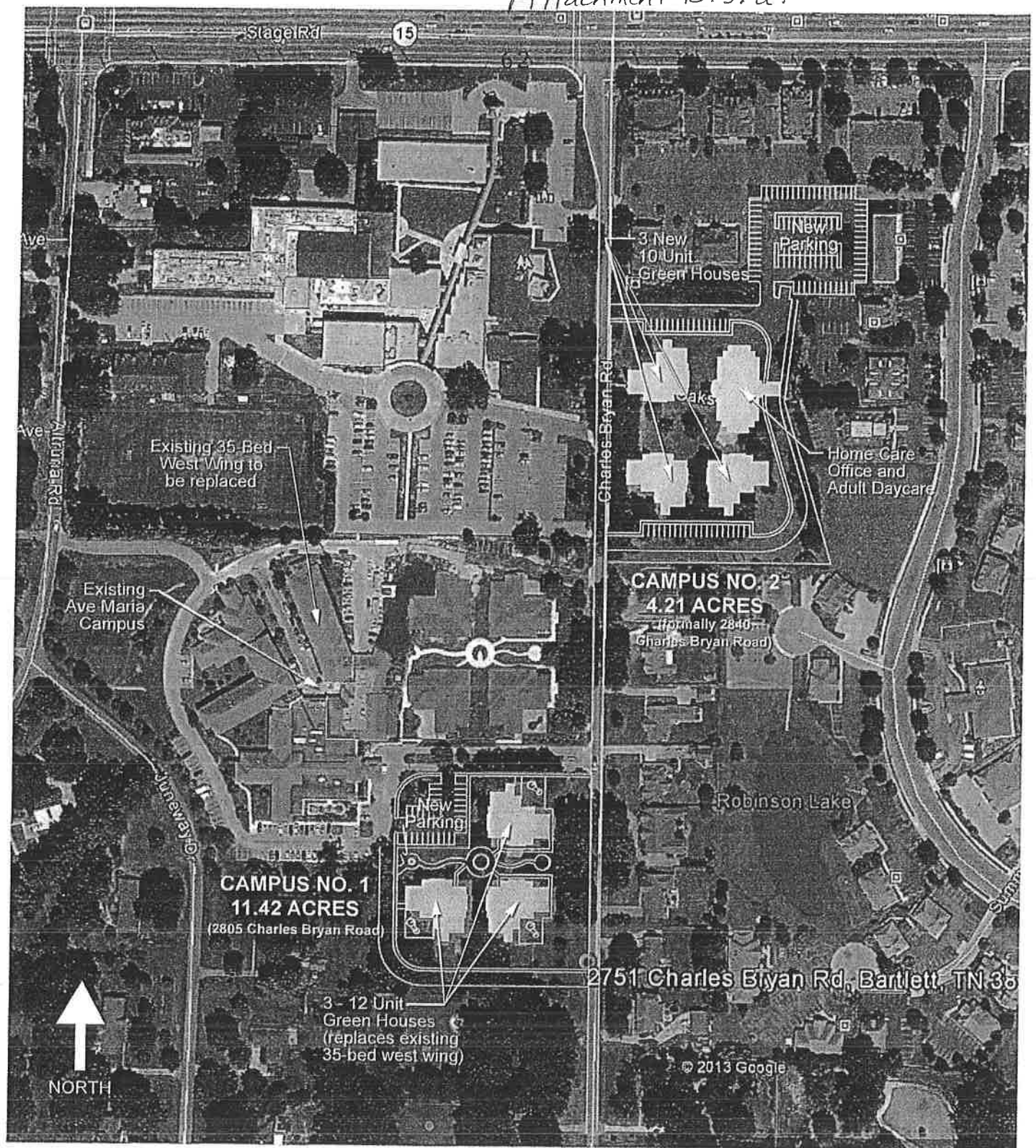
\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.



**Ave Maria Home  
ATTACHMENTS**

- Attachment A.3. Ave Maria Home Corporate Charter and Bylaws
- Attachment A.6. Ave Maria Home Deed
- Attachment B.3.a. Ave Maria Plot Plan
- Attachment B.4. Ave Maria Green House® Floor Plan Rendering
- Attachment C.3. Shelby County/Tennessee Level Map
- Attachment C.5. Utilization Occupancy Statistics – 2009, 2010, 2011
- Attachment C. Economic Feasibility – 2
- Attachment C. Economic Feasibility - 10
  - 2013 Audited Financial Statement
  - 2013 Operating Budget
- Attachment C.7.c. Ave Maria Home Facility License
- Attachment C.7.d. Ave Maria Home Deficiencies – 2012 Licensure Inspection

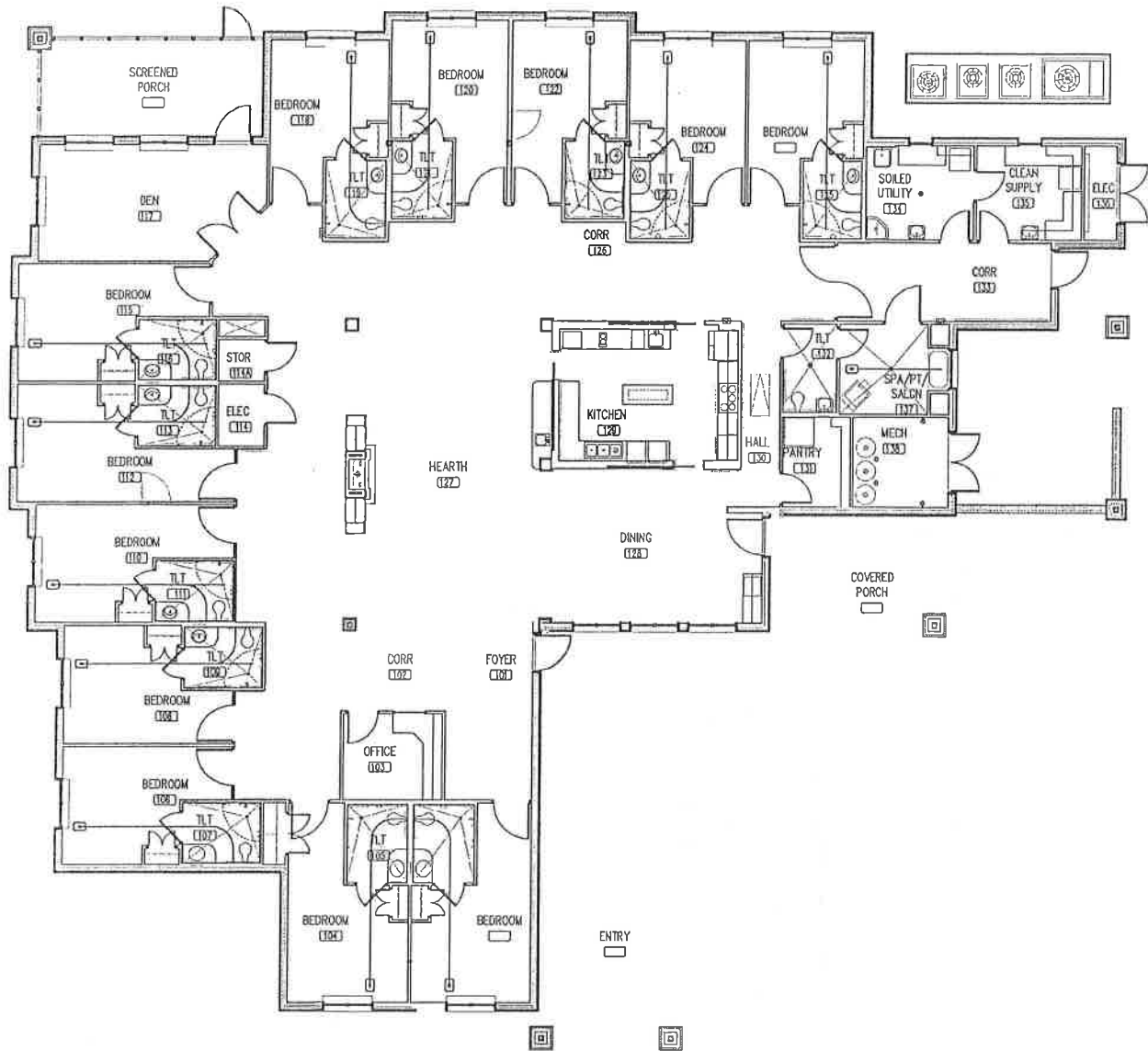


AVE MARIA

## Conceptual Campus Plan

October 28, 2013

**FLEMING**  
architects

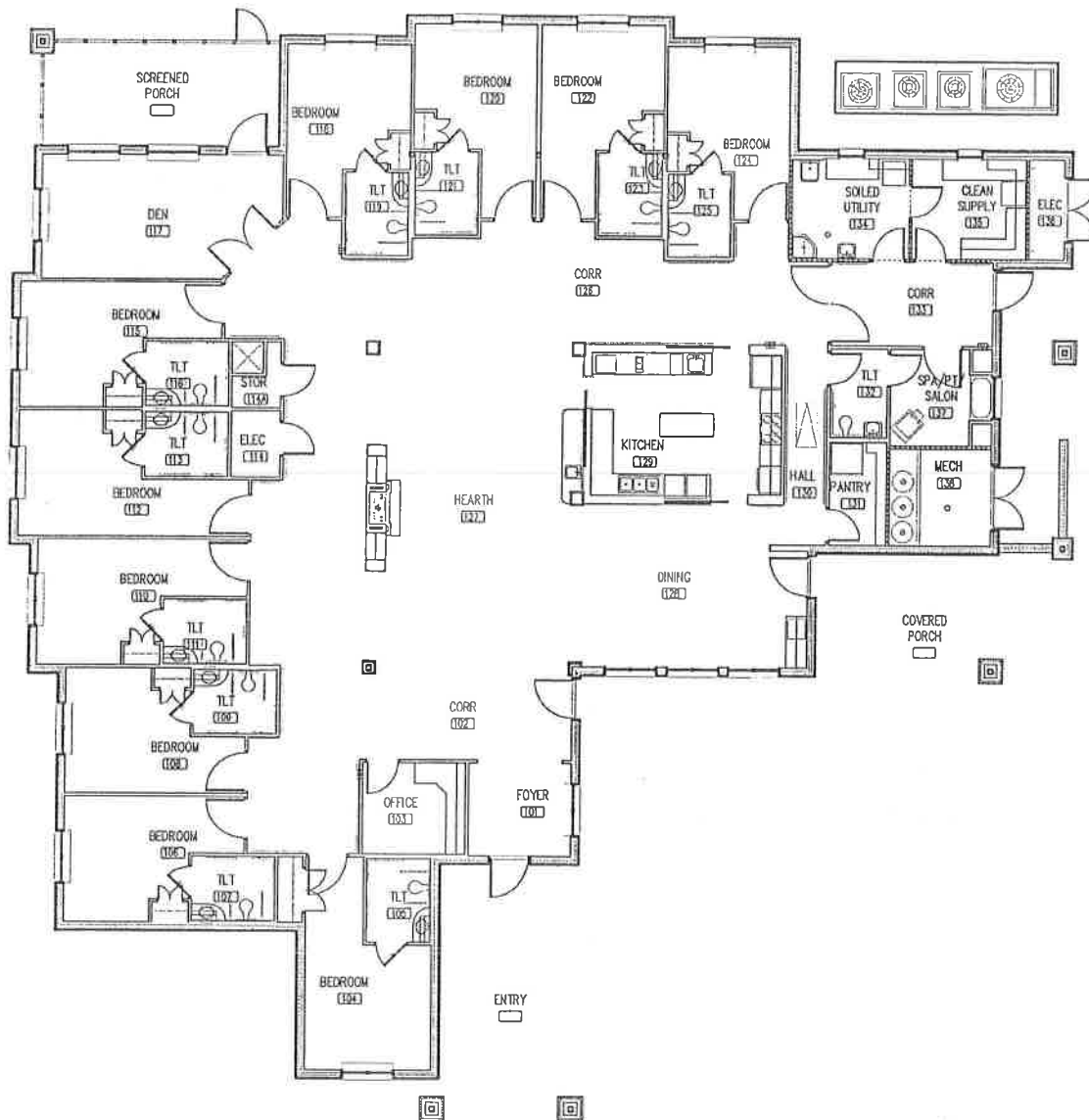


AVE MARIA

# 12 Room Greenhouse Plan

October 7, 2013

**FLEMING**  
architects



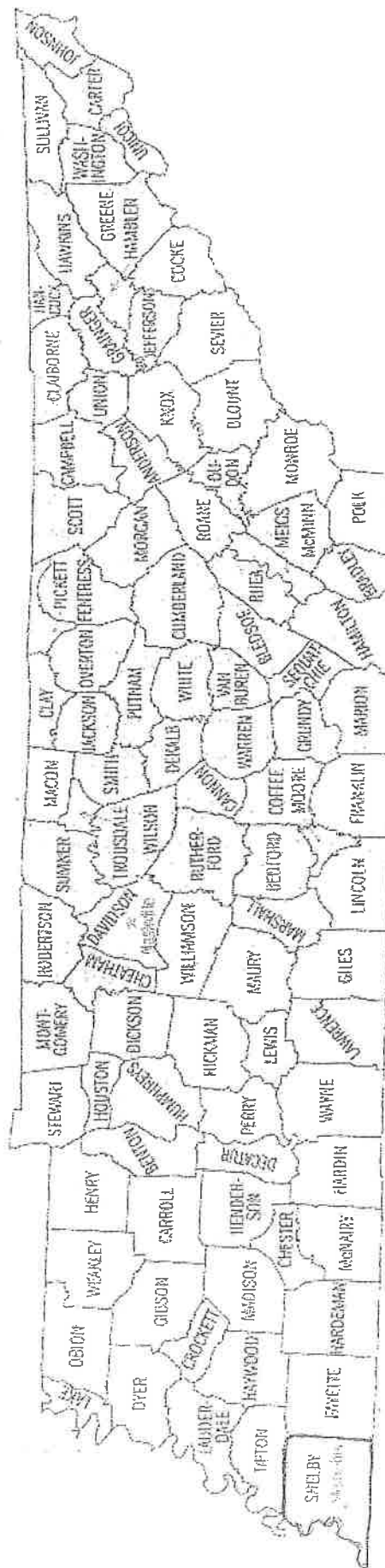
# 10 Room Greenhouse Plan

October 7, 2013

**FLEMING**  
architects



AVE MARIA



Facility Name	Admissions	Discharges	Percent Occupied	Year
Allen Morgan	165	162	73%	2009
Allen Morgan	220	215	78%	2010
Allen Morgan	281	280	79%	2011
Allenbrooke	469	467	95%	2009
Allenbrooke	402	401	94%	2010
Allenbrooke	267	261	97%	2011
Americare Health	162	169	60%	2009
Americare Health	157	161	59%	2010
Civic Health (formerly Americare)	96	137	93%	2011
Applingwood Health Care	99	97	94%	2009
Applingwood Health Care	115	115	94%	2010
Applingwood Health Care	151	107	92%	2011
Ashton Place	426	419	92%	2009
Ashton Place	491	487	92%	2010
Ashton Place	484	471	87%	2011
Ave Maria Home	48	45	99%	2009
Ave Maria Home	71	100	95%	2010
Ave Maria Home	47	43	89%	2011
Bright Glade	171	183	83%	2009
Bright Glade	200	218	79%	2010
Bright Glade	148	217	79%	2011
Court Manor	116	124	66%	2009
Harborview (formerly Court Manor)	186	171	68%	2010
Harborview	257	173	82%	2011
Dove Health	61	30	54%	2009
Dove Health	192	182	82%	2010
Dove Health	202	159	88%	2011
Grace Healthcare	721	689	76%	2009
Grace Healthcare	266	532	76%	2010
Grace Healthcare	261	482	67%	2011
Graceland Nursing	380	539	95%	2009
Graceland Nursing	339	479	94%	2010
Graceland Nursing	258	331	86%	2011
The Highlands of Memphis	151	144	95%	2009
The Highlands of Memphis	123	151	99%	2010
The Highlands of Memphis	216	226	91%	2011
Kings Daughters & Sons	73	74	94%	2009
Kings Daughters & Sons	108	93	99%	2010
Kings Daughters & Sons	139	141	97%	2011

Kirby Pines	200	177	97%	2009
Kirby Pines	201	198	93%	2010
Kirby Pines	237	222	98%	2011
Memphis Jewish Home	295	301	88%	2009
Memphis Jewish Home	399	420	76%	2010
Memphis Jewish Home	491	490	75%	2011
MidSouth Health	127	182	91%	2009
MidSouth Health	47	48	92%	2010
MidSouth Health	224	130	closed due to flood	2011
Millington Health	328	345	88%	2009
Millington Health	329	324	93%	2010
Millington Health	227	228	91%	2011
Parkway Health	240	266	95%	2009
Parkway Health	308	300	95%	2010
Parkway Health	295	252	98%	2011
Poplar Point Health	408	408	78%	2009
Poplar Point Health	377	258	85%	2010
Poplar Point Health	152	229	73%	2011
Primacy Healthcare	544	554	80%	2009
Primacy Healthcare	684	686	78%	2010
Quality Care Center	45	48	71%	2009
Quality Care Center	39	38	73%	2010
Quality Care Center	26	28	73%	2011
Quince Nursing	492	484	95%	2009
Quince Nursing	392	383	100%	2010
Quince Nursing	408	379	97%	2011
Rainbow Health	172	120	93%	2009
Rainbow Health	158	137	94%	2010
Rainbow Health	161	120	97%	2011
Signature Healthcare of Memphis	351	418	94%	2009
Signature Healthcare of Memphis	247	235	97%	2010
Signature Healthcare of Memphis	247	221	94%	2011
Signature at St Francis	539	263	95%	2009
Signature at St Francis	777	763	90%	2010
Signature at St Francis	849	937	88%	2011
Spring Gate Rehabilitation	870	937	94%	2009
Spring Gate Rehabilitation	901	1,016	95%	2010
Spring Gate Rehabilitation	952	1,020	93%	2011
St Peter Villa	317	271	96%	2009
St Peter Villa	312	311	90%	2010
Signature at St Peter	324	306	96%	2011

Village at Germantown	125	128	93%	2009
Village at Germantown	187	196	67%	2010
Village at Germantown	235	226	97%	2011
Whitehaven Community	180	166	89%	2009
Whitehaven Community	138	139	94%	2010
Whitehaven Community	220	142	85%	2011



# *Ave Maria Foundation of Memphis, Inc.*

2805 CHARLES BRYAN ROAD • BARTLETT, TENNESSEE 38134 • TELEPHONE (901) 386-3211 • FAX (901) 405-3783

December 11, 2013

To Whom It May Concern:

Please be advised that the Ave Maria Foundation of Memphis will donate One Million dollars (\$1,000,000.00) to be used in the development of the new green houses on the campus of Ave Maria Home.

Should you have any questions, please advise.

Very truly yours,



John Zoccola

President – Ave Maria Foundation of Memphis  
And Chair-Board of Directors

**AVE MARIA HOME, INC.**  
**AVE MARIA FOUNDATION OF MEMPHIS, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2013 AND 2012**

**TABLE OF CONTENTS**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

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# SCOTT & POHLMAN P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Governors  
Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
Memphis, Tennessee

We have audited the accompanying consolidated statements of Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc. (collectively "Ave Maria"), which comprise the consolidated statement of financial position as of June 30, 2013 and 2012, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc. as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

October 31, 2013

*Scott & Pohlman, P.C.*

901.761.4692

FAX 901.761.4794

5100 POPLAR AVE., SUITE 617

MEMBER AMERICAN INSTITUTE CERTIFIED PUBLIC ACCOUNTANTS, TENNESSEE SOCIETY CERTIFIED PUBLIC ACCOUNTANTS

MEMPHIS, TN 38137-0617

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

<b>ASSETS</b>	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 383,675	\$ 1,052,155
Receivables:		
Residents, net of allowance for doubtful accounts of \$33,322 and \$129,930 respectively	546,503	590,780
Current portion of unconditional promises to give, net	493,540	476,327
Investments	4,044,845	3,204,332
Prepaid expenses	174,051	147,377
Total current assets	<u>5,642,614</u>	<u>5,470,971</u>
Property, plant and equipment		
Land	778,854	601,854
Building and improvements	17,742,586	15,985,079
Furniture and equipment	2,064,180	1,807,376
Vehicles	101,683	101,683
Total property, plant and equipment	20,687,303	18,495,992
Less accumulated depreciation	<u>(6,514,873)</u>	<u>(5,968,983)</u>
Property, plant and equipment - net	<u>14,172,430</u>	<u>12,527,009</u>
Other assets		
Unconditional promises to give, net of current portion	13,460	499,478
Construction in progress	-	1,774,871
Bond costs - net	136,767	144,147
	<u>150,227</u>	<u>2,418,496</u>
Total assets	<u>\$ 19,965,271</u>	<u>\$ 20,416,476</u>

*See notes to consolidated financial statements and independent auditor's report.*

**LIABILITIES AND NET ASSETS**

	<u>2013</u>	<u>2012</u>
<b>Current liabilities</b>		
Current maturities of loan payable	\$ 470,000	\$ 470,000
Accounts payable	357,946	861,459
Advance payments - board and care	24,852	18,445
Assisted living deposit liability	17,500	18,000
Patient trust fund liability	5,034	3,774
Accrued wages and payroll taxes	419,382	384,595
Accrued and withheld expenses	14,928	11,530
Total current liabilities	<u>1,309,642</u>	<u>1,767,803</u>
<b>Long term liabilities</b>		
Bond payable	100,000	100,000
Loan payable, less current maturities	<u>7,819,500</u>	<u>8,342,500</u>
Total long term liabilities	<u>7,919,500</u>	<u>8,442,500</u>
<b>NET ASSETS</b>		
<b>Unrestricted</b>		
Endowment	455,897	-
Non-endowment	<u>10,280,232</u>	<u>10,206,173</u>
Total net assets	<u>10,736,129</u>	<u>10,206,173</u>
Total liabilities and net assets	<u>\$ 19,965,271</u>	<u>\$ 20,416,476</u>

**CONSOLIDATED STATEMENT OF ACTIVITIES**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
For the Year Ended June 30, 2013*

<b>REVENUE AND SUPPORT</b>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue			
Board and care	\$ 6,057,318	\$ -	\$ 6,057,318
Rents	2,536,211	-	2,536,211
Adult day care	237,809	-	237,809
Home care and community based services	3,379,944	-	3,379,944
Supplies	155,781	-	155,781
Fees and services	34,880	-	34,880
Investment income	144,559	-	144,559
Unrealized gain on investments	72,667	-	72,667
Realized gain on investments	9,401	-	9,401
Other income	102,154	-	102,154
Total revenue	<u>12,730,724</u>	<u>-</u>	<u>12,730,724</u>
Support			
Fundraising	186,896	-	186,896
Contributions	536,057	-	536,057
Total support	<u>722,953</u>	<u>-</u>	<u>722,953</u>
Total revenue and support	<u>13,453,677</u>	<u>-</u>	<u>13,453,677</u>
<b>EXPENSES AND LOSSES</b>			
Program services			
Nursing home	4,233,619	-	4,233,619
Assisted living	2,340,883	-	2,340,883
Adult day care	191,554	-	191,554
Home care and community based services	3,023,176	-	3,023,176
Green House expenses	1,486,431	-	1,486,431
Fundraising	167,474	-	167,474
Total program expenses	<u>11,443,137</u>	<u>-</u>	<u>11,443,137</u>
Supporting services			
Management and general	<u>1,480,584</u>	<u>-</u>	<u>1,480,584</u>
Total expenses	<u>12,923,721</u>	<u>-</u>	<u>12,923,721</u>
Change in net assets	529,956	-	529,956
Net assets at beginning of year	<u>10,206,173</u>	<u>-</u>	<u>10,206,173</u>
Net assets at end of year	<u>\$10,736,129</u>	<u>\$ -</u>	<u>\$10,736,129</u>

See notes to consolidated financial statements and independent auditor's report.

**CONSOLIDATED STATEMENT OF ACTIVITIES**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
For the Year Ended June 30, 2012*

<b>REVENUE AND SUPPORT</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Revenue			
Board and care	\$ 5,250,404	\$ -	\$ 5,250,404
Rents	2,407,351	-	2,407,351
Adult day care	250,273	-	250,273
Home care and community based services	3,179,923	-	3,179,923
Supplies	165,262	-	165,262
Fees and services	41,322	-	41,322
Investment income	136,794	-	136,794
Unrealized gain on investments	11,629	-	11,629
Realized loss on investments	(102,027)	-	(102,027)
Other income	121,109	-	121,109
Total revenue	<u>11,462,040</u>	<u>-</u>	<u>11,462,040</u>
Support			
Fundraising	175,475	-	175,475
Contributions	89,178	-	89,178
Total support	<u>264,653</u>	<u>-</u>	<u>264,653</u>
Total revenue and support	<u>11,726,693</u>	<u>-</u>	<u>11,726,693</u>
<b>EXPENSES AND LOSSES</b>			
Program services			
Nursing home	4,335,751	-	4,335,751
Assisted living	2,371,903	-	2,371,903
Adult day care	174,559	-	174,559
Home care and community based services	2,642,966	-	2,642,966
Green House expenses	1,189,505	-	1,189,505
Capital campaign	2,648	-	2,648
Fundraising	134,745	-	134,745
Total program expenses	<u>10,852,077</u>	<u>-</u>	<u>10,852,077</u>
Supporting services			
Management and general	<u>1,535,292</u>	<u>-</u>	<u>1,535,292</u>
Total expenses	<u>12,387,369</u>	<u>-</u>	<u>12,387,369</u>
Change in net assets	(660,676)	-	(660,676)
Net assets at beginning of year	10,966,849	-	10,966,849
Adjustment for bond payable, prior period	<u>(100,000)</u>	<u>-</u>	<u>(100,000)</u>
Adjusted net assets at beginning of year	<u>10,866,849</u>	<u>-</u>	<u>10,866,849</u>
Net assets at end of year	<u>\$ 10,206,173</u>	<u>\$ -</u>	<u>\$ 10,206,173</u>

*See notes to consolidated financial statements and independent auditor's report.*



**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
For the Years Ended June 30, 2013 and 2012*

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 529,956	\$ (660,676)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	545,891	464,908
Amortization of debt issue costs	7,380	7,380
Amortization of discount on unconditional promises to give	(48,804)	(71,415)
Bad debts	34,695	154,633
Unrealized gain on investments	(72,667)	(11,629)
Realized (gain) loss on investments	(9,401)	102,027
Change in operating assets and liabilities		
Receivable - residents	44,274	298,477
Unconditional promises to give	517,609	535,220
Prepaid expenses	26,674	(71,489)
Accounts payable	(503,513)	408,497
Advance payments - board and care	(6,407)	(88,968)
Assisted living deposit liability	(500)	(10,500)
Patient trust fund liability	1,260	(4,795)
Accrued wages and payroll taxes	34,787	31,818
Accrued bond interest payable	-	(23,892)
Accrued and withheld expenses	3,398	10,006
Net cash provided by operating activities	<u>1,104,632</u>	<u>1,069,602</u>
Cash flows from investing activities		
Proceeds from sale of investments	3,140,982	2,881,920
Purchase of investments	(3,974,650)	(3,277,195)
Property and equipment purchases	(416,444)	(365,257)
Construction in progress additions	-	(2,083,655)
Net cash used by investing activities	<u>(1,250,112)</u>	<u>(2,844,187)</u>
Cash flows from financing activities		
Payment of long-term debt	<u>(523,000)</u>	<u>(470,000)</u>
Net decrease in cash and cash equivalents	(668,480)	(2,244,585)
Cash and cash equivalents at beginning of year	<u>1,052,155</u>	<u>3,296,740</u>
Cash and cash equivalents at end of year	<u>\$ 383,675</u>	<u>\$ 1,052,155</u>
Supplemental cash flow information:		
Interest paid	<u>\$ 265,318</u>	<u>\$ 306,266</u>

*See notes to consolidated financial statements and independent auditor's report.*

# CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
For the Year Ended June 30, 2013

	Nursing Home	Assisted Living	Adult Day Care	HCCBS	Green House Expenses	Fundraising	Subtotal	Management and General	Total
Salaries	\$ 2,348,716	\$ 1,211,087	\$ 139,570	\$ 2,620,826	\$ 966,599	\$ -	\$ 7,286,798	\$ 474,126	\$ 7,760,924
Employee benefits	180,094	90,170	10,747	160,088	60,637	-	501,736	31,640	533,376
Payroll taxes	167,773	91,546	10,417	210,923	99,489	-	580,148	34,595	614,743
Consulting fees	-	-	-	-	-	54,295	54,295	-	54,295
Contract nurses and aides	10,203	-	-	-	-	-	10,203	-	10,203
Medical supplies	184,405	12,148	-	-	3,149	-	199,702	-	199,702
Food	226,206	151,048	-	-	-	-	377,254	-	377,254
Utilities	83,271	138,845	-	-	76,948	-	299,064	-	299,064
Supplies	80,467	41,142	7,175	3,539	43,755	-	176,078	18,719	194,797
Repairs and maintenance	181,886	40,141	-	-	8,711	-	230,738	-	230,738
Educational expense	1,475	1,808	5,944	-	1,044	-	10,271	-	10,271
Pharmacy consultant	598,201	-	-	-	-	-	598,201	-	598,201
Resident supplements	19,448	-	-	-	-	-	19,448	-	19,448
Resident services	40,320	-	-	-	-	-	40,320	-	40,320
Craft supplies	-	28,175	-	-	-	-	28,175	-	28,175
Postage and delivery	30,594	10	-	-	-	-	30,604	10,845	41,449
Public relations	-	15,441	1,727	1,183	6,044	111,083	135,478	19,562	155,040
Meals	-	-	15,974	-	-	-	15,974	2,965	18,939
Bank charges	-	-	-	-	-	-	-	17,858	17,858
Insurance expense	-	-	-	-	-	-	-	383,218	383,218
Telephone expense	-	-	-	-	-	-	-	17,799	17,799
License and dues	-	114	-	-	-	-	114	192,337	192,451
Professional fees	-	-	-	-	-	-	-	129,896	129,896
Miscellaneous expense	-	300	-	12,068	934	2,096	15,398	119,003	134,401
Amortization	-	7,380	-	-	-	-	7,380	-	7,380
Depreciation	80,560	246,210	-	-	219,121	-	545,891	-	545,891
Bad debts	-	-	-	14,549	-	-	14,549	20,146	34,695
LOC and bond fees	-	-	-	-	-	-	-	7,875	7,875
Bond interest expense	-	265,318	-	-	-	-	265,318	-	265,318
Total expenses	\$ 4,233,619	\$ 2,340,883	\$ 191,554	\$ 3,023,176	\$ 1,486,431	\$ 167,474	\$ 11,443,137	\$ 1,480,584	\$ 12,923,721

See notes to consolidated financial statements and independent auditor's report.

### CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
For the Year Ended June 30, 2012*

	Nursing Home	Assisted Living	Adult Day Care	HCCBS	Green House Expenses	Capital Campaign	Fundraising	Subtotal	Management and General	Total
Salaries	\$ 2,504,009	\$ 1,236,951	\$ 125,268	\$ 2,235,603	\$ 819,698	\$ -	\$ -	\$ 6,921,529	\$ 459,317	\$ 7,380,846
Employee benefits	197,033	97,888	11,716	174,493	64,809	-	-	545,939	34,549	580,488
Payroll taxes	203,288	108,878	9,300	180,061	67,129	-	-	568,656	35,891	604,547
Consulting fees	-	-	-	-	-	-	36,000	36,000	-	36,000
Contract nurses and aides	535	-	-	-	-	-	-	535	-	535
Medical supplies	199,391	10,379	-	-	5,337	-	-	215,107	-	215,107
Food	215,809	146,663	-	-	-	-	-	362,472	-	362,472
Utilities	114,993	121,272	-	-	31,208	-	-	267,473	-	267,473
Supplies	89,758	37,392	6,822	8,155	31,606	-	-	173,733	19,145	192,878
Repairs and maintenance	195,529	31,958	-	-	5,315	-	-	232,802	-	232,802
Educational expense	457	482	4,153	-	12,607	-	-	17,699	-	17,699
Pharmacy consultant	434,394	-	-	-	-	-	-	434,394	-	434,394
Resident supplements	26,206	-	-	-	-	-	-	26,206	-	26,206
Resident services	47,836	-	-	-	-	-	-	47,836	-	47,836
Craft supplies	-	30,072	-	-	-	-	-	30,072	-	30,072
Postage and delivery	20,005	-	-	-	-	-	-	20,005	8,950	28,955
Public relations	-	16,566	796	11	2,848	-	98,745	118,966	11,863	130,829
Meals	-	-	16,504	-	-	-	-	16,504	-	16,504
Bank charges	-	-	-	-	-	-	-	-	18,866	18,866
Insurance expense	-	-	-	-	-	-	-	-	365,660	365,660
Telephone expense	-	-	-	-	-	-	-	-	20,413	20,413
License and dues	-	-	-	75	-	-	-	75	190,197	190,272
Professional fees	-	-	-	-	-	-	-	-	142,598	142,598
Miscellaneous expense	1,720	649	-	4,856	11,827	3,648	-	22,700	102,484	125,184
Amortization	-	7,380	-	-	-	-	-	7,380	-	7,380
Depreciation	84,788	242,999	-	-	137,121	-	-	464,908	-	464,908
Bad debts	-	-	-	39,712	-	(1,000)	-	38,712	115,921	154,633
LOC and bond fees	-	-	-	-	-	-	-	-	9,438	9,438
Bond interest expense	-	282,374	-	-	-	-	-	282,374	-	282,374
<b>Total expenses</b>	<b>\$ 4,335,751</b>	<b>\$ 2,371,903</b>	<b>\$ 174,559</b>	<b>\$ 2,642,966</b>	<b>\$ 1,189,505</b>	<b>\$ 2,648</b>	<b>\$ 134,745</b>	<b>\$ 10,852,077</b>	<b>\$ 1,535,292</b>	<b>\$ 12,387,369</b>

See notes to consolidated financial statements and independent auditor's report.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Nature of Business and Other Matters*

The Ave Maria Home, Inc. for the Aged (the Home) was incorporated as a Tennessee general welfare corporation on October 18, 1955, to provide intermediate care to the aged, to provide services to those individuals requiring daily socialization through organized activities, and to provide home care services to individuals requiring homemaker and personal care services in their own homes. The corporate name was later changed to Ave Maria Guild Home and on October 14, 1981, the name was changed to Ave Maria Home, Inc. As a general welfare corporation, the Home has no capital stock and no shareholders. It is operated by a Board of Governors who elects the officers of the corporation. The Home is exempt from taxes under section 501(c) (3) of the Internal Revenue Code, and it is not a private foundation. Gifts to the Home are tax deductible. The Home is also exempt from state franchise and excise taxes, and from state and city property taxes.

Ave Maria Foundation of Memphis, Inc. (the Foundation) was organized to provide investment management and financial services for funds raised for the benefit of the Home. The Foundation also serves as an advisory council for the raising of funds to provide capital improvements for the Home. The Foundation is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code. Gifts to the Foundation are tax deductible. The Foundation is also exempt from state franchise and excise taxes.

#### *Principles of Consolidation*

Due to both common control and economic interest, the consolidated financial statements include the accounts of the Home as well as the Foundation (collectively "Ave Maria"). All material intercompany accounts and transactions have been eliminated.

#### *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Reclassification*

Certain amounts in the prior year's financial statements have been reclassified in order to conform to the current year presentation.

#### *Financial Statement Presentation*

Ave Maria prepares its financial statements on the accrual basis of accounting to focus on the organization as a whole by presenting balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of balances and transactions into three classes of net assets - permanently restricted, temporarily restricted, and unrestricted.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Financial Statement Presentation (continued)*

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Home. Generally, the donors of these assets permit the Home to use all or part of the income earned on related investments for general or specific purposes.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Home or the passage of time.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) is reported as reclassifications between the applicable classes of net assets.

At June 30, 2013 and 2012, all net assets were unrestricted.

*Property, Plant and Equipment*

Property, plant and equipment are reported at cost at the date of acquisition. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities.

Long-lived assets, including property and equipment and other intangible assets having a definite life are currently reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount should be addressed pursuant to generally accepted accounting principles (GAAP). According to GAAP, impairment is determined by comparing the carrying value of these long-lived assets to management's best estimate of the weighted average future undiscounted cash flows expected to result from the use of the assets and their eventual disposition. In the event impairment exists, a loss is recognized based on the amount by which the carrying value exceeds the fair value of the asset. No impairment has been recognized in the accompanying statements of activities.

*Cash and Cash Equivalents*

Cash and cash equivalents consist of cash in bank and short-term, highly liquid investments that are readily convertible into cash within ninety (90) days of purchase. Patient trust fund accounts are considered cash and cash equivalents.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Receivables - Residents*

Receivables are stated at face value net of an allowance for doubtful accounts. The contractual terms of each account determine its past due status. After exhausting all collection efforts, accounts deemed uncollectible are then charged-off.

#### *Investments*

Ave Maria's investments are presented at fair value based upon quoted prices in active markets. Gains, losses, and income associated with the investments are reported as a change in net assets. Gains or losses on disposition are based on the net proceeds and the adjusted carrying amount of the security sold, using the specific identification method.

These investments are subject to market and credit risk, which may be affected by economic developments in a specific geographic region or industry.

GAAP defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. It describes three levels of input that may be used to measure fair value; however, Ave Maria only has investments in two levels of input:

Level 1 – Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets include debt and equity securities that are traded in an active exchange market that are highly liquid and are actively traded in over-the-counter markets.

Level 3 – Unobservable inputs that are supported by little or no market activity that are significant to the fair value of the assets or liabilities. These unobservable inputs reflect the reporting entity's own assumptions about assumptions that market participants would use in pricing the asset or liability. Level 3 assets include an investment whose value is determined by the underlying value of the net assets of a certain partnership.

Donated investments are recorded at fair market value on the date of the donation.

#### *Contributed Services*

No amounts have been reflected in the financial statements for donated services. Ave Maria generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist Ave Maria at the residents' facilities, but these services do not meet the criteria for recognition as contributed services.

#### *Functional Expenses*

Expenses have been charged directly to program or general and administrative categories based on specific identification. Expenses related to more than one function are charged to various programs on the basis of management's estimates. General and administrative expenses include those expenses that are not directly identifiable but provide for the overall support and direction of Ave Maria.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Unconditional Promises to Give*

Unconditional promises to give are available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or restricted by the donor for specific purposes, are reported as temporarily restricted or permanently restricted support that increases those net assets classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Unconditional promises to give are recorded at the net present value of estimated cash flows, less an allowance for doubtful accounts on the statement of financial position. Conditional promises to give are not included as support until the conditions are substantially met.

*Concentrations of Credit Risk*

Financial instruments that potentially subject Ave Maria to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. At June 30, 2013 and 2012, Ave Maria had approximately \$520,000 and \$1,000,000, respectively, on deposit with local financial institutions, of which \$500,000 was insured by federal deposit authorities. The risk of maintaining deposits in excess of amounts insured by federal deposit authorities is managed by maintaining such deposits in high quality financial institutions. Accounts receivable consist of amounts due from residents and the State of Tennessee under the Medicaid program. Pledges receivable consist of unconditional promises to contribute funds. The promises are unsecured; however, Ave Maria believes all such promises will be honored.

*Tax Exemption*

Ave Maria has been classified as an other-than private foundation and is exempt from federal and state income taxes as an organization described in Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision of income tax has been made in the accompanying financial statements.

Ave Maria follows GAAP for evaluating its tax position as a tax exempt entity. A tax exempt, non-for-profit entity must use the recognition and measurement guidance in GAAP to evaluate whether all income qualifies for exemption from federal income tax and also under the state and local jurisdiction's rules and whether the entity has filed informational returns in all of the appropriate jurisdictions. If available evidence suggests that it is more likely than not that some portion of income will not qualify as tax exempt, the organization would make the appropriate accruals. Ave Maria is subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. Ave Maria believes it is no longer subject to income tax examinations for fiscal years prior to 2009.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### *Net Asset Classifications*

GAAP provides guidance on the net asset classification of donor-restricted funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This guidance also improved disclosures about an organization's endowment funds (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

Ave Maria is subject to UPMIFA, which governs the state of Tennessee, the provisions of which apply to its endowment funds. Based on its interpretation of the provisions of UPMIFA, Ave Maria is required to act prudently when making decisions to spend or accumulate donor-restricted endowment assets and in doing so to consider a number of factors including the duration and preservation of its donor-restricted endowment funds. Interest and dividend income from the endowment funds are recorded as temporarily or permanently restricted income depending on the donor stipulations. At June 30, 2013, all endowment funds are unrestricted.

### UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2013 and 2012 consist of pledges from a capital campaign as follows:

The discount rate used on long-term promises to give is 5.00%. The Foundation believes the long-term promise to give to be fully collectible; however, an allowance for uncollectible amounts has been provided for older amounts pledged at the start of this campaign in which a substantial amount has yet to be collected.

	2013	2012
Receivable in less than one year	\$ 534,517	\$ 539,509
Receivable in one to five years	41,433	554,050
Total unconditional promises to give	575,950	1,093,559
Less: discounts to net present value	29,950	78,754
Less: allowance for uncollectible amounts	39,000	39,000
Net unconditional promises to give at June 30,	<u>\$ 507,000</u>	<u>\$ 975,805</u>
Net unconditional promises to give in less than one year	\$ 493,540	\$ 476,327
Net unconditional promises to give due in two to five years	13,460	499,478
Net unconditional promises to give at June 30,	<u>\$ 507,000</u>	<u>\$ 975,805</u>

Approximately 87% and 91% of the unconditional promises to give at June 30, 2013 and 2012, respectively, were pledged by a certain donor.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

**INVESTMENTS AND FAIR VALUE MEASUREMENT**

At June 30, 2013 and 2012, the fair values of Ave Maria's investments measured on a recurring basis consist of the following:

	Fair Value Measurements at Reporting Date Using			
	Quoted Prices in Active Markets for Identical Assets	Significant Unobservable Inputs		
	Level 1	Level 3	2013 FMV	2012 FMV
<u>Equity securities:</u>				
All-cap value	\$ 930,577	\$ -	\$ 930,577	\$ 435,166
Large-cap value	298,536	-	298,536	342,162
International large-cap core	161,987	-	161,987	159,347
Master limited partnerships	252,110	-	252,110	221,024
Total equity securities	<u>1,643,210</u>	<u>-</u>	<u>1,643,210</u>	<u>1,157,699</u>
<u>Fixed income debt securities:</u>				
Corporate bonds	110,515	-	110,515	-
Foreign bonds	9,424	-	9,424	-
Government bonds	1,120,327	-	1,120,327	1,140,981
Preferred bonds/Fixed rate cap	2,517	-	2,517	-
	<u>1,242,783</u>	<u>-</u>	<u>1,242,783</u>	<u>1,140,981</u>
<u>Mutual Funds:</u>				
Global bonds	379,938	-	379,938	252,156
High-quality intermediate bonds	249,170	-	249,170	144,174
Non-traditional bonds	254,441	-	254,441	140,732
Diversified bonds	200,303	-	200,303	293,590
Total mutual funds	<u>1,083,852</u>	<u>-</u>	<u>1,083,852</u>	<u>830,652</u>
Total fixed income debt securities	<u>2,326,635</u>	<u>-</u>	<u>2,326,635</u>	<u>1,971,633</u>
 Equity interest in limited partnership	 -	 75,000	 75,000	 75,000
	<u>\$ 3,969,845</u>	<u>\$ 75,000</u>	<u>\$ 4,044,845</u>	<u>\$ 3,204,332</u>

Ave Maria recognizes transfers of assets into and out of levels as of the date an event or change in circumstance causes the transfer. There were no transfers between levels in the years ended June 30, 2013 and 2012. In addition, there was no change in level classifications of assets from June 30, 2012 to June 30, 2013.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

### INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	2013 Equity interest in limited partnership	2012 Equity interest in limited partnership
Beginning of year	\$ 75,000	\$ 75,000
Total gains or losses (realized/unrealized) including earnings	-	-
Purchases, issuance, settlements and disbursements	-	-
Transfers in and/or out of Level 3	-	-
End of year	<u>\$ 75,000</u>	<u>\$ 75,000</u>

The amount of gains or losses for the years ended June 30, 2013 and 2012 included in net unrestricted net assets attributable to the change in unrealized gains or losses related to assets still held at the reporting date.

\$	-	\$	-
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There are no significant unobservable inputs at June 30, 2013 and 2012.

### CONSTRUCTION IN PROGRESS

Ave Maria entered into certain contracts to expand and renovate its facilities. Final construction was completed during August 2012 at a total cost of \$7,173,208. During the year ended June 30, 2013, approximately \$1,774,871 expended for this project was placed in service.

### BOND COSTS

Costs relating to obtaining the revenue bond financing are capitalized and amortized over the term of the related debt using the straight-line method. Accumulated amortization was \$22,140 and \$14,760 for the years ended June 30, 2013 and 2012, respectively; amortization of bond costs charged to operations for both years was \$7,380.

### BOND PAYABLE

The Home has a certain bond payable in the principal amount of \$100,000. The Home pays interest at a rate of 5.5% and the bond is due December 1, 2031. The Home is also the sole bondholder.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

### LOAN PAYABLE

During July 2010, the Health, Educational and Housing Facility Board of Shelby County, Tennessee issued Revenue Refunding and Improvement Bonds of \$9,400,000. The proceeds were used to acquire, construct and equip the Green House Project. The Green House Project consists of four 6,800 square foot modernized buildings, each with private rooms and bathrooms for ten patients. The bonds have been secured against the project and the revenues, losses, rents, profits and issues thereof.

Ave Maria secured a loan with a local financial institution during the fiscal year ended 2011 in the amount of \$9,400,000. The loan is to be repaid in quarterly installments of principal in the amount of \$117,500, plus interest at an annual rate of 3.05% through June 2016 with a final balloon payment due July 15, 2016.

Ave Maria's loan payable consists of the following:

	<u>2013</u>	<u>2012</u>
Loan payable to bank, due in quarterly installments of \$117,500, principal, secured by the Green Houses	\$ 8,289,500	\$ 8,812,500
Less: current maturities of loan payable	<u>470,000</u>	<u>470,000</u>
	<u>\$ 7,819,500</u>	<u>\$ 8,342,500</u>

Future scheduled maturities of loan payable are as follows:

#### Years ending June 30:

2014	470,000
2015	470,000
2016	470,000
2017	<u>6,879,500</u>
	<u>\$ 8,289,500</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

### ENDOWMENT

Ave Maria's endowment consists of certain investments created for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as endowments. All endowment funds are classified as unrestricted.

Endowment net assets, beginning of year	\$ -
Contributions and transfer of investments	453,531
Return on investments:	
Income	1,514
Net change (realized and unrealized)	852
Total return on investments	2,366
Appropriation of endowment assets for expenditure	-
Endowment net assets, end of year	<u>\$ 455,897</u>

#### *Return Objectives and Risk Parameters*

Ave Maria has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Ave Maria must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to achieve a rate of return that is above the median performance of similarly managed funds. Ave Maria expects its endowment funds, over time, to provide an average rate of return of approximately consumer price index (CPI) plus 5 percent annually. Actual returns in any given year may vary from this amount.

#### *Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, Ave Maria relies on a total return strategy in which investment returns are achieved through diversification of investments among equity securities, fixed income securities and alternative investments so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

#### *Spending Policy and How the Investment Objectives Relate to the Spending Policy*

Ave Maria's policy is to appropriate for distribution each year up to 5 percent of its endowment fund's average fair value, restricted and unrestricted, calculated on the most recent three calendar years. In establishing this policy, Ave Maria considered the long-term expected return on its endowment. This is consistent with Ave Maria's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*Ave Maria Home, Inc. and Ave Maria Foundation of Memphis, Inc.  
June 30, 2013 and 2012*

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**EMPLOYEE BENEFIT PLANS**

The Home maintains a 401(k) Plan ("Plan") to provide retirement benefits for its employees. Employees may contribute up to 6% of their annual compensation to the Plan, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Home matches employee contributions dollar for dollar up to the 6% maximum per year per person. As of June 30, 2012, the Home discontinued its matching contribution policy for its employees. The policy was not reinstated until July 2013.

The Home's matching contributions to the Plan totaled \$0 and \$77,543 for the years ended June 30, 2013 and 2012, respectively.

**RELATED PARTY**

Ave Maria receives services from a certain professional services company, of which a certain board member is an owner. For the years ended June 30, 2013 and 2012 Ave Maria paid a total of \$14,933 and \$24,140, respectively, to this company.

**CONTINGENCIES**

Ave Maria is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its activities. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial position or results of activities of the Home.

**SUBSEQUENT EVENT**

Ave Maria did not have any other subsequent events through October 31, 2013, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2013.

**RESTATEMENT OF FINANCIAL STATEMENTS**

During 2013, Ave Maria discovered that it previously issued 2012 financial statements that inadvertently excluded from liabilities a bond payable of \$100,000. The financial statements for 2012 have been restated to reflect this bond payable.

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Attachment C. Economic Feasibility-10

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
26,765	22,680	4,085	201.35	255.21	20105 TOTAL NURSING HOME REV	26,765	22,680	4,085	201.35	255.21
2,650,893	2,940,000	89,107 *	198.95	215.76	20100 TOTAL BOARD AND CARE RI Days	2,650,893	2,940,000	89,107 *	198.95	215.76
1,774,041	1,708,800	65,241	206.05	5.21	BOARD AND CARE - PRIVATE	1,774,041	1,708,800	65,241	206.05	5.21
48,628	15,000	33,628	198.11	1,003.17	BOARD AND CARE - MEDICAID	48,628	15,000	33,628	198.11	1,003.17
683,679	722,280	38,601 *	(1.39)	(20.00)	BOARD AND CARE - HOSPICE	683,679	722,280	38,601 *	(1.39)	(20.00)
(4,800)	(14,400)	9,600	10.64	52.00	MEDICARE PART A	(4,800)	(14,400)	9,600	10.64	52.00
36,705	37,440	735 *	34.17	168.33	ROUTINE SERVICES - MCR A	36,705	37,440	735 *	34.17	168.33
117,936	121,200	3,264 *	3.83	26.67	MEDICAL SUPPLIES - MCR A	117,936	121,200	3,264 *	3.83	26.67
13,211	19,200	5,989 *	68.29	318.33	PHARMACY - MCR A	13,211	19,200	5,989 *	68.29	318.33
235,656	229,200	6,456	39.60	248.33	LABORATORY - MCR A	235,656	229,200	6,456	39.60	248.33
136,649	178,800	42,151 *	69.08	333.33	PHYSICAL THERAPY - MCR A	136,649	178,800	42,151 *	69.08	333.33
238,385	240,000	1,615 *	0.00	10.63	SPEECH THERAPY - MCR A	238,385	240,000	1,615 *	0.00	10.63
14	36	22 *	9.32	1.82	OCCUPATIONAL THERAPY - MCR A	14	36	22 *	9.32	1.82
249,425	241,200	8,225	1.51	0.99	LATE CHARGES	249,425	241,200	8,225	1.51	0.99
40,492	41,280	788 *	1.12	0.20	MEDICAL SUPPLIES	40,492	41,280	788 *	1.12	0.20
50,536	53,400	2,864 *	0.68	0.51	BEAUTY SHOP AND OTHER INCOM	50,536	53,400	2,864 *	0.68	0.51
18,117	10,800	7,317	0.33	0.16	PHYSICAL THERAPY - MCR B	18,117	10,800	7,317	0.33	0.16
36,818	27,600	9,218	(11.63)	(12.70)	SPEECH THERAPY - MCR B	36,818	27,600	9,218	(11.63)	(12.70)
(311,205)	(288,000)	23,205 *	(0.30)	0.11	OCCUPATIONAL THERAPY - MCR B	(311,205)	(288,000)	23,205 *	(0.30)	0.11
(8,319)	2,400	10,719 *	0.04	(1.91)	CONTRACTUAL ADJ. - ROOM MED	(8,319)	2,400	10,719 *	0.04	(1.91)
1,127	3,600	2,473 *	0.01	0.16	CONTRACTUAL ADJ. - ROOM HOSF	1,127	3,600	2,473 *	0.01	0.16
(103,596)	(88,800)	14,796 *	(1.91)	(1.65)	CONTRACTUAL ADJ. - ROOM VA	(103,596)	(88,800)	14,796 *	(1.91)	(1.65)
883,055	1,041,600	158,545 *	255.88	1,446.67	CONTRACTUAL ADJ. - MEDICAL SU	883,055	1,041,600	158,545 *	255.88	1,446.67
(4,770)	4,770 *	4,770 *	(1.38)	20251	CONTRACTUAL ADJ - ROOM MCR A	(4,770)	4,770 *	4,770 *	(1.38)	20251
(448)	448 *	448 *	(225.60)	(0.16)	2% Reduction - MRA A	(448)	448 *	448 *	(225.60)	(0.16)
(778,542)	(824,400)	45,858	(0.03)	(1,145.00)	2% Reduction - MRB B	(778,542)	(824,400)	45,858	(0.03)	(1,145.00)
(8,566)	(1,680)	6,886 *	20270	20275	CONTRACTUAL ADJ. - ANCLL -MCR	(8,566)	(1,680)	6,886 *	20270	20275
38,518	38,518	38,518	2.35	2.10	CONTRACTUAL ADJ - MCR B	38,518	38,518	38,518	2.35	2.10
6,243,640	6,416,556	172,916 *	233.28	282.92	Non Recurring Medicaid Rate Adj.-Ju	6,243,640	6,416,556	172,916 *	233.28	282.92
13,684	120	13,564	0.51	0.01	20300 CONTRIBUTIONS:	13,684	120	13,564	0.51	0.01
50,000	50,000	0	1.87	2.20	DONATIONS AND BEQUESTS	50,000	50,000	0	1.87	2.20
376	(2,370)	2,370	0.01	(0.04)	CONTRIBUTIONS - GUILD	376	(2,370)	2,370	0.01	(0.04)
(1,203)	(300)	903 *	(0.02)	0.00	CONTRIBUTIONS - FOUNDATION	(1,203)	(300)	903 *	(0.02)	0.00
62,857	47,570	15,287	2.35	2.10	CHAPLAIN CONTRIBUTIONS	62,857	47,570	15,287	2.35	2.10
					CHAPLAIN EXPENSES					
					Total CONTRIBUTIONS:					
					Total TOTAL BOARD AND CARE REVENUE					

\* Unfavorable Differences

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Ave Maria Home (AM)

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
6,306,497	6,464,126	157,629 *	116.32	120.24	Total TOTAL NURSING HOME REVENUE	6,306,497	6,464,126	157,629 *	116.32	120.24
21001 TOTAL PROFESSIONAL CA										
21105 TOTAL NURSING SAL & BEN										
21005 TOTAL NURSING SALARIES										
74,863	79,200	4,337	2.80	3.49	SALARY - DIRECTOR OF NURSING	74,863	79,200	4,337	2.80	3.49
48,704	36,000	12,704 *	1.82	1.59	SALARY - ASSIST DIR OF NURSING	48,704	36,000	12,704 *	1.82	1.59
540,163	519,600	20,563 *	20.18	22.91	SALARIES - LICENSED NURSES	540,163	519,600	20,563 *	20.18	22.91
284,931	288,000	3,069	10.65	12.70	GH Salaries - Licensed Nurses	284,931	288,000	3,069	10.65	12.70
619,442	655,920	36,478	23.14	28.92	SALARIES - NURSES AIDES	619,442	655,920	36,478	23.14	28.92
623,402	632,040	8,638	23.29	27.87	GH Salaries - Shahbazim	623,402	632,040	8,638	23.29	27.87
2,191,505	2,210,760	19,255	40.42	41.12	Total TOTAL NURSING SALARIES	2,191,505	2,210,760	19,255	40.42	41.12
92,623	90,000	2,623 *	3.46	3.97	NS VACATION	92,623	90,000	2,623 *	3.46	3.97
50,229	45,600	4,629 *	1.88	2.01	NS HOLIDAYS	50,229	45,600	4,629 *	1.88	2.01
243	243 *	243 *	0.01	2130	NS SICK LEAVE	243	243	243 *	0.01	2130
69,600	69,600	8,753 *	2.93	3.07	NS OTHER COMPENSATION AND A	69,600	69,600	8,753 *	2.93	3.07
103,969	94,800	9,169 *	3.88	4.18	NS PAYROLL TAXES	103,969	94,800	9,169 *	3.88	4.18
99,489	100,800	1,311	3.72	4.44	GH Payroll Taxes	99,489	100,800	1,311	3.72	4.44
(280)	280	280	(0.01)	21180	NS UNIFORMS	(280)	280	280	(0.01)	21180
42,144	28,800	13,344 *	1.57	1.27	NS WEEKENDER PROGRAM	42,144	28,800	13,344 *	1.57	1.27
58,266	75,600	17,334	2.18	3.33	GH Weekender Program	58,266	75,600	17,334	2.18	3.33
414	414 *	414 *	0.02	21195	NS OTHER EMPLOYEE BENEFITS	414	414	414 *	0.02	21195
2,716,955	2,715,960	995 *	50.11	50.52	Total TOTAL NURSING SAL & BENEFITS	2,716,955	2,715,960	995 *	50.11	50.52
10,203	10,203 *	10,203 *	0.38	21200	CONTRACT LICENSED NURSES	10,203	10,203	10,203 *	0.38	21200
1,180	912	268 *	0.04	21400	NS EDUCATIONAL EXPENSE	1,180	912	268 *	0.04	21400
1,000	3,000	2,000	0.04	0.13	GH 1 Educational Expense	1,000	3,000	2,000	0.04	0.13
44	132	88	0.00	0.01	GH 4 Educational Expense	44	132	88	0.00	0.01
184,405	174,000	10,405 *	6.89	7.67	MEDICAL SUPPLIES	184,405	174,000	10,405 *	6.89	7.67
2,267	5,724	3,457	0.08	0.25	GH 1 Medical Supplies	2,267	5,724	3,457	0.08	0.25
361	361 *	361 *	0.01	21502	GH 2 Medical Supplies	361	361	361 *	0.01	21502
361	361 *	361 *	0.01	21503	GH 3 Medical Supplies	361	361	361 *	0.01	21503
160	108	52 *	0.01	21504	GH 4 Medical Supplies	160	108	52 *	0.01	21504
1,094	1,680	586	0.32	2.33	LAB - MEDICARE	1,094	1,680	586	0.32	2.33
122,191	126,000	3,809	35.41	175.00	PHARMACY - MEDICARE	122,191	126,000	3,809	35.41	175.00
9,727	996	8,731 *	2.82	1.38	X-RAY - MEDICARE	9,727	996	8,731 *	2.82	1.38
322,606	361,200	38,594	93.48	501.67	THERAPY - PART A	322,606	361,200	38,594	93.48	501.67
87,127	70,800	16,327 *	0.84	98.33	THERAPY - PART B	87,127	70,800	16,327 *	0.84	98.33
2,892	1,356	1,536 *	0.84	1.88	MEDICAL TRANSPORTATION - MRA	2,892	1,356	1,536 *	0.84	1.88

\* Unfavorable Differences

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
362		362 *	0.10		21565 MEDICARE - OTHER	362		362 *	0.10	
21,066	10,800	10,266 *	2.36		21570 PHARMACY - MEDICAID	21,066	10,800	10,266 *	2.36	
6,991	14,400	7,409	0.13		0.27 21580 PHARMACY - HOUSE STOCK	6,991	14,400	7,409	0.13	1.36
5,266	5,640	374	0.20		0.25 21600 PHARMACY CONSULTANT	5,266	5,640	374	0.20	0.27
18,879	10,200	8,679 *	0.71		0.45 21700 PHYSICIANS CARE	18,879	10,200	8,679 *	0.71	0.25
19,448	15,600	3,848 *	0.73		0.69 21800 SUPPLEMENTS/SNACKS FOR RESI	19,448	15,600	3,848 *	0.73	0.45
3,534,583	3,518,508	16,075 *	65.19	65.45	Total TOTAL NURSING	3,534,583	3,518,508	16,075 *	65.19	65.45
<b>22005 TOTAL ACTIVITIES</b>										
82,161	73,200	8,961 *	3.07		22100 SALARIES - ACTIVITIES	82,161	73,200	8,961 *	3.07	3.23
4,823	4,080	743 *	0.18		0.18 22210 AC VACATION	4,823	4,080	743 *	0.18	0.18
2,440	1,740	700 *	0.09		0.08 22220 AC HOLIDAY PAY	2,440	1,740	700 *	0.09	0.08
64		64 *	0.00		22240 AC OTHER COMPENSATION AND A	64		64 *	0.00	
6,846	6,000	846 *	0.26		0.26 22270 AC PAYROLL TAXES	6,846	6,000	846 *	0.26	0.26
22,578	27,600	5,022	0.84		1.22 22300 BEAUTY AND BARBER	22,578	27,600	5,022	0.84	1.22
16,539	16,800	261	0.62		0.74 22400 RESIDENTS' BENEFITS	16,539	16,800	261	0.62	0.74
9 438	360	78 *	0.02		0.02 22401 GH 1 Activities / Benefits	438	360	78 *	0.02	0.02
6 673	480	193 *	0.03		0.02 22402 GH 2 Activities / Benefits	673	480	193 *	0.03	0.02
910	900	10 *	0.03		0.04 22403 GH 3 Activities / Benefits	910	900	10 *	0.03	0.04
610	240	370 *	0.02		0.01 22404 GH 4 Activities / Benefits	610	240	370 *	0.02	0.01
138,081	131,400	6,681 *	2.55	2.44	Total TOTAL ACTIVITIES	138,081	131,400	6,681 *	2.55	2.44
<b>22499 TOTAL SOCIAL SERVICES</b>										
36,015	39,600	3,585	1.35		22500 SALARIES - SOCIAL SERVICES	36,015	39,600	3,585	1.35	1.75
699		699 *	0.03		22610 SS VACATION	699		699 *	0.03	
382		382 *	0.01		22620 SS HOLIDAYS	382		382 *	0.01	
5		5 *	0.00		22640 SS OTHER COMPENSATION AND A	5		5 *	0.00	
2,898	2,880	18 *	0.11		0.13 22670 SS PAYROLL TAXES	2,898	2,880	18 *	0.11	0.13
39,999	42,480	2,481	0.74	0.79	Total TOTAL SOCIAL SERVICES	39,999	42,480	2,481	0.74	0.79
<b>22799 PASTORAL SERVICES</b>										
11,828	12,000	173	0.44	0.53	22800 SALARIES - PASTORAL SERVICES	11,828	12,000	173	0.44	0.53
11,828	12,000	173	0.22	0.22	Total PASTORAL SERVICES	11,828	12,000	173	0.22	0.22
3,724,490	3,704,388	20,102 *	139.16	163.33	Total TOTAL PROFESSIONAL CARE & NURSING	3,724,490	3,704,388	20,102 *	139.16	163.33
<b>23000 DIETARY EXPENSES</b>										
<b>23100 DIETARY SALARIES AND BENEFITS</b>										
<b>23005 SALARIES - DIETARY</b>										

\* Unfavorable Differences



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Ave Maria Home (AM)

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
57,971	60,000	2,029	2.17	2.65	23010 SALARIES - DIETARY SUPERVISOR	57,971	60,000	2,029	2.17	2.65
269,636	264,000	5,636 *	10.07	11.64	23020 SALARIES - DIETARY STAFF	269,636	264,000	5,636 *	10.07	11.64
327,608	324,000	3,608 *	6.04	6.03	Total SALARIES - DIETARY	327,608	324,000	3,608 *	6.04	6.03
21,891	27,600	5,709	0.82	1.22	23110 DT VACATION	21,891	27,600	5,709	0.82	1.22
9,607	8,400	1,207 *	0.36	0.37	23120 DT HOLIDAYS	9,607	8,400	1,207 *	0.36	0.37
1,205		1,205 *	0.05		23130 DT SICK LEAVE	1,205		1,205 *	0.05	
1,273	600	673 *	0.05	0.03	23140 DT OTHER COMPENSATION AND A	1,273	600	673 *	0.05	0.03
29,017	31,200	2,183	1.08	1.38	23170 DT PAYROLL TAXES	29,017	31,200	2,183	1.08	1.38
314	960	646	0.01	0.04	23195 DT OTHER EMPLOYEE BENEFITS	314	960	646	0.01	0.04
390,914	392,760	1,846	14.61	17.32	Total DIETARY SALARIES AND BENEFITS	390,914	392,760	1,846	14.61	17.32
121,425	129,600	8,175	4.54	5.71	23200 RAW FOOD - RESIDENTS	121,425	129,600	8,175	4.54	5.71
24,994	19,200	5,794 *	0.93	0.85	23201 GH 1 Raw Food	24,994	19,200	5,794 *	0.93	0.85
24,733	21,600	3,133 *	0.92	0.95	23202 GH 2 Raw Food	24,733	21,600	3,133 *	0.92	0.95
25,012	21,600	3,412 *	0.93	0.95	23203 GH 3 Raw Food	25,012	21,600	3,412 *	0.93	0.95
26,089	22,800	3,289 *	0.97	1.01	23204 GH 4 Raw Food	26,089	22,800	3,289 *	0.97	1.01
3,953	3,960	8	0.15	0.17	23300 RAW FOOD - STAFF	3,953	3,960	8	0.15	0.17
33,248	27,600	5,648 *	1.24	1.22	23400 DISPOSABLE SUPPLIES	33,248	27,600	5,648 *	1.24	1.22
2,510	3,048	538	0.09	0.13	23401 GH 1 Disposable Supplies	2,510	3,048	538	0.09	0.13
1,519	2,128	609	0.06	0.09	23402 GH 2 Disposable Supplies	1,519	2,128	609	0.06	0.09
1,681	2,248	567	0.06	0.10	23403 GH 3 Disposable Supplies	1,681	2,248	567	0.06	0.10
1,894	2,248	354	0.07	0.10	23404 GH 4 Disposable Supplies	1,894	2,248	354	0.07	0.10
428	(96)	524 *	0.02	0.00	23500 HARDWARE SUPPLIES	428	(96)	524 *	0.02	0.00
2,156	2,888	732	0.08	0.13	23501 GH 1 Hardware Supplies	2,156	2,888	732	0.08	0.13
116	968	853	0.00	0.04	23502 GH 2 Hardware Supplies	116	968	853	0.00	0.04
581	980	399	0.02	0.04	23503 GH 3 Hardware Supplies	581	980	399	0.02	0.04
582	968	386	0.02	0.04	23504 GH 4 Hardware Supplies	582	968	386	0.02	0.04
295	900	605	0.01	0.04	23600 DT EDUCATIONAL EXPENSE	295	900	605	0.01	0.04
12,723	12,000	723 *	0.48	0.53	23700 PURCHASED SERVICES	12,723	12,000	723 *	0.48	0.53
674,852	667,400	7,452 *	25.21	29.43	Total DIETARY EXPENSES	674,852	667,400	7,452 *	25.21	29.43
24000 HOUSEKEEPING AND LAI										
24100 HOUSEKEEPING SALARIES AI										
24001 HOUSEKEEPING SALARIES										
36,891	38,400	1,509	1.38	1.69	24010 SALARY - HOUSEKEEPING SUPER	36,891	38,400	1,509	1.38	1.69
129,247	124,500	4,747 *	4.83	5.49	24020 SALARIES - HOUSEKEEPING STAFF	129,247	124,500	4,747 *	4.83	5.49
166,137	162,900	3,237 *	3.06	3.03	Total HOUSEKEEPING SALARIES	166,137	162,900	3,237 *	3.06	3.03
9,662	10,320	658	0.36	0.46	24110 HK VACATION	9,662	10,320	658	0.36	0.46

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
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4,980	4,560	420 *	0.19	0.20	24120 HK HOLIDAYS	4,980	4,560	420 *	0.19	0.20
136		136 *	0.01		24130 HK SICK LEAVE	136		136 *	0.01	
1,100	192	908 *	0.04	0.01	24140 HK OTHER COMPENSATION AND A	1,100	192	908 *	0.04	0.01
15,907	18,000	2,093	0.59	0.79	24170 HK PAYROLL TAXES	15,907	18,000	2,093	0.59	0.79
324	600	276	0.01	0.03	24195 HK OTHER EMPLOYEE BENEFITS	324	600	276	0.01	0.03
198,246	196,572	1,674 *	7.41	8.67	Total HOUSEKEEPING SALARIES AND BENEFITS	198,246	196,572	1,674 *	7.41	8.67
<b>25200 LAUNDRY SALARIES AND BENEFITS</b>										
43,820	50,400	6,580	1.64	2.22	25100 SALARIES - LAUNDRY	43,820	50,400	6,580	1.64	2.22
43,820	50,400	6,580	0.81	0.94	Total SALARIES	43,820	50,400	6,580	0.81	0.94
3,813	3,000	813 *	0.14	0.13	25210 LA VACATION	3,813	3,000	813 *	0.14	0.13
1,550	1,440	110 *	0.06	0.06	25220 LA HOLIDAYS	1,550	1,440	110 *	0.06	0.06
35		35 *	0.00		25230 LA SICK LEAVE	35		35 *	0.00	
331	192	139 *	0.01	0.01	25240 LA OTHER COMPENSATION AND BENEFITS	331	192	139 *	0.01	0.01
43,777	4,200	423	0.14	0.19	25270 LA PAYROLL TAXES	43,777	4,200	423	0.14	0.19
53,325	59,232	5,907	1.99	2.61	Total LAUNDRY SALARIES AND BENEFITS	53,325	59,232	5,907	1.99	2.61
16,311	20,400	4,089	0.61	0.90	25350 HOUSEKEEPING SUPPLIES	16,311	20,400	4,089	0.61	0.90
9,009	18,000	8,991	0.34	0.79	25351 GH 1 Housekeeping Supplies	9,009	18,000	8,991	0.34	0.79
4,338	4,800	462	0.16	0.21	25352 GH 2 Housekeeping Supplies	4,338	4,800	462	0.16	0.21
4,686	6,000	1,314	0.18	0.26	25353 GH 3 Housekeeping Supplies	4,686	6,000	1,314	0.18	0.26
4,407	4,800	393	0.16	0.21	25354 GH 4 Housekeeping Supplies	4,407	4,800	393	0.16	0.21
8,888	12,000	3,112	0.33	0.53	25400 LAUNDRY SUPPLIES	8,888	12,000	3,112	0.33	0.53
622	960	338	0.02	0.04	25401 GH 1 Laundry Supplies	622	960	338	0.02	0.04
308		308 *	0.01		25402 GH 2 Laundry Supplies	308		308 *	0.01	
308		308 *	0.01		25403 GH 3 Laundry Supplies	308		308 *	0.01	
594		594 *	0.02		25404 GH 4 Laundry Supplies	594		594 *	0.02	
22	60	38	0.00	0.00	25500 LAUNDRY AND CLEANING	22	60	38	0.00	0.00
3,746	4,320	574	0.14	0.19	25600 LINENS	3,746	4,320	574	0.14	0.19
623		623 *	0.02		25601 GH 1 Linens	623		623 *	0.02	
1,738	2,100	362	0.06	0.09	25602 GH 2 Linens	1,738	2,100	362	0.06	0.09
2,163	3,360	1,197	0.08	0.15	25603 GH 3 Linens	2,163	3,360	1,197	0.08	0.15
1,877	3,360	1,483	0.07	0.15	25604 GH 4 Linens	1,877	3,360	1,483	0.07	0.15
311,211	335,964	24,753	11.63	14.81	Total HOUSEKEEPING AND LAUNDRY	311,211	335,964	24,753	11.63	14.81
<b>26000 PLANT OPERATIONS AND MAINTENANCE SALARIES AND BENEFITS</b>										
311,211	335,964	24,753	11.63	14.81	Total	311,211	335,964	24,753	11.63	14.81

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Attachment C. Economic Feasibility -10

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
63,227	61,200	2,027 *	2.36	2.70	26005 SALARIES	63,227	61,200	2,027 *	2.36	2.70
63,227	61,200	2,027 *	1.17	1.14	26100 SALARIES - MAINTENANCE	63,227	61,200	2,027 *	1.17	1.14
4,694	7,200	2,506	0.18	0.32	Total SALARIES	4,694	7,200	2,506	0.18	0.32
2,202	1,560	642 *	0.08	0.07	26210 MT VACATION	2,202	1,560	642 *	0.08	0.07
169		169 *	0.01		26220 MT HOLIDAYS	169		169 *	0.01	
95		95 *	0.00		26230 MT SICK LEAVE	95		95 *	0.00	
5,359	5,280	79 *	0.20	0.23	26240 MT OTHER COMPENSATION AND A	5,359	5,280	79 *	0.20	0.23
30	96	66	0.00	0.00	26270 MT PAYROLL TAXES	30	96	66	0.00	0.00
					26295 MT OTHER EMPLOYEE BENEFITS					
75,777	75,336	441 *	2.83	3.32	Total MAINTENANCE SALARIES AND	75,777	75,336	441 *	2.83	3.32
46,200	62,400	16,200	1.73	2.75	RENEFFTS BUILDING MAINT REPAIRS & SUP	46,200	62,400	16,200	1.73	2.75
1,633	600	1,033 *	0.06	0.03	26301 GH 1 Building Repairs & Supplies	1,633	600	1,033 *	0.06	0.03
63	240	178	0.00	0.01	26302 GH 2 Building Repairs & Supplies	63	240	178	0.00	0.01
46,363	56,400	10,037	1.73	2.49	26350 EQUIPMENT MAINT REPAIR & SUF	46,363	56,400	10,037	1.73	2.49
1,456	840	616 *	0.05	0.04	26351 GH 1 Equipment Repairs & Supplies	1,456	840	616 *	0.05	0.04
1,330	396	934 *	0.05	0.02	26352 GH 2 Equipment Repairs & Supplies	1,330	396	934 *	0.05	0.02
1,474	840	634 *	0.06	0.04	26353 GH 3 Equipment Repairs & Supplies	1,474	840	634 *	0.06	0.04
2,133	396	1,737 *	0.08	0.02	26354 GH 4 Equipment Repairs & Supplies	2,133	396	1,737 *	0.08	0.02
23,002	10,800	12,202 *	0.86	0.48	26390 GROUNDS MAINTENANCE	23,002	10,800	12,202 *	0.86	0.48
66,321	72,000	5,679	2.48	3.17	26400 MAINTENANCE CONTRACTS	66,321	72,000	5,679	2.48	3.17
83,271	84,000	729	3.11	3.70	26600 UTILITIES	83,271	84,000	729	3.11	3.70
19,204	31,200	11,996	0.72	1.38	26601 GH 1 Utilities	19,204	31,200	11,996	0.72	1.38
19,248	31,600	12,352	0.72	1.39	26602 GH 2 Utilities	19,248	31,600	12,352	0.72	1.39
19,248	28,460	9,212	0.72	1.25	26603 GH 3 Utilities	19,248	28,460	9,212	0.72	1.25
19,248	31,600	12,352	0.72	1.39	26604 GH 4 Utilities	19,248	31,600	12,352	0.72	1.39
30,594	21,600	8,994 *	1.14	0.95	26700 FREIGHT AND HAULING	30,594	21,600	8,994 *	1.14	0.95
5,101	8,400	3,299	0.19	0.37	FURNISHINGS	5,101	8,400	3,299	0.19	0.37
928	2,760	1,832	0.03	0.12	26801 GH 1 Furnishings	928	2,760	1,832	0.03	0.12
462,593	519,868	57,275	17.28	22.92	Total PLANT OPERATIONS AND	462,593	519,868	57,275	17.28	22.92
					MAINTENANCE					
					27000 ADMINISTRATIVE AND GEI					
					27100 ADMINISTRATIVE SALARIES					
					27005 SALARIES - ADMINISTRATIO					
57,873	69,200	11,327	2.16	3.05	27010 SALARY - ADMINISTRATOR	57,873	69,200	11,327	2.16	3.05
74,837	74,000	837 *	1.38	1.38	27011 SALARY - ASSISTANT ADMINISTRA	74,837	74,000	837 *	1.38	1.38
288,273	283,980	4,293 *	10.77	12.52	27020 SALARIES - ADMINISTRATIVE STP	288,273	283,980	4,293 *	10.77	12.52
420,982	427,180	6,198	7.76	7.95	Total SALARIES - ADMINISTRATION	420,982	427,180	6,198	7.76	7.95

\* Unfavorable Differences

**Statement of Operations**  
Ave Maria Home (AM)  
7/1/12 to 6/30/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
19,141	19,200	59	0.72	0.85	AD VACATION	19,141	19,200	59	0.72	0.85
3,264	960	2,304 *	0.06	0.02	AA VACATION	3,264	960	2,304 *	0.06	0.02
10,530	9,600	930 *	0.39	0.42	AD HOLIDAYS	10,530	9,600	930 *	0.39	0.42
2,539	1,920	619 *	0.05	0.04	AA HOLIDAYS	2,539	1,920	619 *	0.05	0.04
698		698 *	0.03	0.03	AD SICK LEAVE	698		698 *	0.03	0.03
6,467	2,400	4,067 *	0.24	0.11	AD OTHER COMPENSATION AND A	6,467	2,400	4,067 *	0.24	0.11
2,364	2,100	264 *	0.04	0.04	AA OTHER COMP & AWARDS	2,364	2,100	264 *	0.04	0.04
28,257	25,200	3,057 *	1.06	1.11	AD PAYROLL TAXES	28,257	25,200	3,057 *	1.06	1.11
6,338	6,360	22	0.12	0.12	AA PAYROLL TAXES	6,338	6,360	22	0.12	0.12
7,836		7,836 *	0.29	0.29	AD OTHER EMPLOYEE BENEFITS	7,836		7,836 *	0.29	0.29
508,416	494,920	13,496 *	19.00	21.82	Total ADMINISTRATIVE SALARIES AND BENEFITS	508,416	494,920	13,496 *	19.00	21.82
(2,647)	1,908	4,555	(0.10)	0.08	ADMINISTRATIVE EXPENSE	(2,647)	1,908	4,555	(0.10)	0.08
6		6 *	0.00	0.00	GH 1 Misc	6		6 *	0.00	0.00
19,562	15,240	4,322 *	0.73	0.67	ADVERTISING & PUBLIC RELATION	19,562	15,240	4,322 *	0.73	0.67
1,511	2,040	529	0.06	0.09	GH 1 Advertising & Public Relations	1,511	2,040	529	0.06	0.09
51,511	2,040	529	0.06	0.09	GH 2 Advertising & Public Relations	51,511	2,040	529	0.06	0.09
51,511	2,040	529	0.06	0.09	GH 3 Advertising & Public Relations	51,511	2,040	529	0.06	0.09
1,511	2,040	529	0.06	0.09	GH 4 Advertising & Public Relations	1,511	2,040	529	0.06	0.09
12,181	12,900	719	0.46	0.57	AUTO & TRAVEL	12,181	12,900	719	0.46	0.57
17,814		17,814 *	0.67	0.57	BAD DEBT EXPENSE	17,814		17,814 *	0.67	0.57
14,077	12,900	1,177 *	0.53	0.57	BANK CHARGES	14,077	12,900	1,177 *	0.53	0.57
43,055	50,040	6,985	1.61	2.21	COMPUTER SUPP-SERVICES	43,055	50,040	6,985	1.61	2.21
5,944	7,200	1,256	0.22	0.32	AD EDUCATIONAL EXPENSE	5,944	7,200	1,256	0.22	0.32
383,218	323,600	59,618 *	14.32	14.27	INSURANCE	383,218	323,600	59,618 *	14.32	14.27
7,971	17,400	9,429	0.30	0.77	Real Estate Taxes	7,971	17,400	9,429	0.30	0.77
183,487	178,800	4,687 *	6.86	7.88	LICENSES AND DUES	183,487	178,800	4,687 *	6.86	7.88
18,729	13,200	5,529 *	0.70	0.58	OFFICE SUPPLIES AND PRINTING	18,729	13,200	5,529 *	0.70	0.58
567	300	267 *	0.02	0.01	GH 1 Office Supplies & Printing	567	300	267 *	0.02	0.01
690	610	80 *	0.03	0.03	GH 2 Office Supplies & Printing	690	610	80 *	0.03	0.03
704	720	16	0.03	0.03	GH 3 Office Supplies & Printing	704	720	16	0.03	0.03
704	720	16	0.03	0.03	GH 4 Office Supplies & Printing	704	720	16	0.03	0.03
2,965	480	2,485 *	0.11	0.02	MEALS AND ENTERTAINMENT	2,965	480	2,485 *	0.11	0.02
56,222	59,113	2,891	2.10	2.61	PERSONNEL EXPENSE	56,222	59,113	2,891	2.10	2.61
10,845	8,400	2,445 *	0.41	0.37	POSTAGE	10,845	8,400	2,445 *	0.41	0.37
114,919	150,892	35,973	4.29	6.65	PROFESSIONAL FEES	114,919	150,892	35,973	4.29	6.65
2,133	2,640	507	0.08	0.12	PURCHASE AGREEMENTS	2,133	2,640	507	0.08	0.12
485	960	475	0.01	0.02	RESIDENT LOSS REIMBURSEMENT	485	960	475	0.01	0.02
17,799	15,240	2,559 *	0.66	0.67	TELEPHONE	17,799	15,240	2,559 *	0.66	0.67
1,425,890	1,376,343	49,547 *	53.27	60.69	Total ADMINISTRATIVE AND GENERAL	1,425,890	1,376,343	49,547 *	53.27	60.69

\* Unfavorable Differences

## Statement of Operations

Ave Maria Home (AM)

7/1/12 to 6/30/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
519,492	528,000 (1,752)	8,508 1,752 *	19.41	23.28 29100 (0.08) 29200	EMPLOYEE BENEFITS GROUP HEALTH INSURANCE EMPLOYEE TAX DEFERRED RETIRI	519,492	528,000 (1,752)	8,508 1,752 *	19.41	23.28 (0.08)
519,492	526,248	6,756	19.41	23.20	Total EMPLOYEE BENEFITS	519,492	526,248	6,756	19.41	23.20
8,336	7,560	776 *	0.31	0.33	30000 DEPRECIATION	8,336	7,560	776 *	0.31	0.33
32,588	32,400	188 *	1.22	1.43	30720 DEPRECIATION - BUILDING - NH	32,588	32,400	188 *	1.22	1.43
40,211	37,384	2,827 *			30730 DEPRECIATION - BUILDING ADDITI	40,211	37,384	2,827 *		
43,867	44,400	533			30745 DEPRECIATION - BUILDING ADDITI	43,867	44,400	533		
43,867	44,400	533			30746 DEPRECIATION - BUILDING ADDITI	43,867	44,400	533		
43,867	44,400	533			30747 DEPRECIATION - BUILDING ADDITI	43,867	44,400	533		
37,435	34,800	2,635 *	0.81	0.83	30748 DEPRECIATION - BUILDING ADDITI	43,867	44,400	533	0.81	0.83
11,141	7,200	3,941 *	1.40	1.53	30750 DEPRECIATION - FURNITURE & EQ	37,435	34,800	2,635 *	1.40	1.53
12,056	10,980	1,076 *			30755 DEPRECIATION - FURNITURE & EQ	11,141	7,200	3,941 *		
12,056	10,980	1,076 *			30756 DEPRECIATION - FURNITURE & EQ	12,056	10,980	1,076 *		
12,056	10,980	1,076 *			30757 DEPRECIATION - FURNITURE & EQ	12,056	10,980	1,076 *		
12,056	10,980	1,076 *			30758 DEPRECIATION - FURNITURE & EQ	12,056	10,980	1,076 *		
2,201	2,220	19	0.08	0.10	30770 DEPRECIATION - AUTOMOTIVE	2,201	2,220	19	0.08	0.10
299,680	287,704	11,976 *	11.20	12.69	Total DEPRECIATION	299,680	287,704	11,976 *	11.20	12.69
7,418,209	7,417,915	294 *	136.83	137.98	Total TOTAL OPERATING EXPENSE	7,418,209	7,417,915	294 *	136.83	137.98
(1,111,712)	(953,789)	157,923 *	(20.51)	(17.74)	Total TOTAL NH OPERATING INCOME/	(1,111,712)	(953,789)	157,923 *	(20.51)	(17.74)
(1,111,712)	(953,789)	157,923 *	(20.51)	(17.74)	Total INCOME/LOSS FROM OPERATIONS	(1,111,712)	(953,789)	157,923 *	(20.51)	(17.74)
54,216	53,760	456	2.22	1.24	35000 INVESTMENTS	54,216	53,760	456	2.22	1.24
120,455	66,512	53,943	2.22	1.24	35001 INVESTMENT REVENUE Days	120,455	66,512	53,943	2.22	1.24
120,455	66,512	53,943	2.22	1.24	35500 UNREALIZE GAIN/(LOSS) ON SECUR	120,455	66,512	53,943	2.22	1.24
120,455	66,512	53,943	2.22	1.24	Total INVESTMENT REVENUE	120,455	66,512	53,943	2.22	1.24
120,455	66,512	53,943	4.50	2.93	Total INVESTMENTS	120,455	66,512	53,943	4.50	2.93
20	44,800	44,780 *	0.00	1.98	35100 INTEREST INCOME:	20	44,800	44,780 *	0.00	1.98
20	44,800	44,780 *	0.00	1.98	35125 INTEREST - INVESTMENTS	20	44,800	44,780 *	0.00	1.98
20	44,800	44,780 *	0.00	1.98	Total INTEREST INCOME:	20	44,800	44,780 *	0.00	1.98
76,876	20,924	55,952	2.87	0.92	35200 INVESTMENT INCOME:	76,876	20,924	55,952	2.87	0.92
460		460	0.02		35212 DIVIDENDS - INVESTMENTS	460		460	0.02	
					35300 OTHER INVESTMENT INCOME:					

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Attachment C. Economic Feasibility-10

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Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
24,797	6,472	18,325	0.93	0.29	35400 GAIN (LOSS) ON SALE OF SECURIT	24,797	6,472	18,325	0.93	0.29
102,133	27,396	74,737	3.82	1.21	Total INVESTMENT INCOME:	102,133	27,396	74,737	3.82	1.21
36000 INVESTMENT EXPENSE										
14,888	7,388	7,500 *	0.56	0.33	36100 ACCOUNT ADMINISTRATION FEES	14,888	7,388	7,500 *	0.56	0.33
879	78	801 *	0.03	0.00	36102 Investment - Foreign Fees	879	78	801 *	0.03	0.00
15,768	7,466	8,302 *	0.59	0.33	Total INVESTMENT EXPENSE	15,768	7,466	8,302 *	0.59	0.33
206,840	131,242	75,598	3.82	2.44	Total NET INVESTMENT INCOME/(LOSS)	206,840	131,242	75,598	3.82	2.44
40000 ADULT DAY CARE										
3,827	7,560	3,733 *			Days	3,827	7,560	3,733 *		
3,827	7,560	3,733 *			41000 ADULT DAY CARE REVENUE	3,827	7,560	3,733 *		
154,420	176,400	21,980 *	40.35	23.33	41100 ADULT DAY CARE FEES	154,420	176,400	21,980 *	40.35	23.33
74,841	79,200	4,359 *	19.56	10.48	41110 ADULT DAY CARE - CHOICES	74,841	79,200	4,359 *	19.56	10.48
945	1,260	315 *	0.25	0.17	41150 ADULT DAY CARE ENROLLMENT FI	945	1,260	315 *	0.25	0.17
230	132	98	0.06	0.02	41190 ADULT DAY CARE EARLY & LATE F	230	132	98	0.06	0.02
7,373	7,200	173	1.93	0.95	41200 ADULT DAY CARE SERVICES	7,373	7,200	173	1.93	0.95
6,236	7,200	964 *	1.63	0.95	41250 ADULT DAY CARE OTHER INCOME	6,236	7,200	964 *	1.63	0.95
244,045	271,392	27,347 *	63.77	35.90	Total ADULT DAY CARE REVENUE	244,045	271,392	27,347 *	63.77	35.90
244,045	271,392	27,347 *	63.77	35.90	Total ADULT DAY CARE	244,045	271,392	27,347 *	63.77	35.90
42280 ADULT DAY CARE EXP										
42300 ADULT DAY CARE SALRS & I										
42000 ADULT DAY CARE SALAR										
36,378	36,000	378 *	9.51	4.76	42100 SALARY - ADULT DAY CARE DIREC	36,378	36,000	378 *	9.51	4.76
91,335	92,400	1,065	23.87	12.22	42200 SALARIES - ADULT DAY CARE STAI	91,335	92,400	1,065	23.87	12.22
127,714	128,400	686	33.37	16.98	Total ADULT DAY CARE SALARIES	127,714	128,400	686	33.37	16.98
7,098	8,400	1,302	1.85	1.11	42310 ADC VACATION	7,098	8,400	1,302	1.85	1.11
4,036	2,400	1,636 *	1.05	0.32	42320 ADC HOLIDAYS	4,036	2,400	1,636 *	1.05	0.32
69		69 *	0.02		42330 ADC SICK LEAVE	69		69 *	0.02	
654		654 *	0.17		42340 ADC OTHER COMPENSATION AND	654		654 *	0.17	
10,417	10,800	383	2.72	1.43	42370 ADC PAYROLL TAXES	10,417	10,800	383	2.72	1.43
149,987	150,000	13	39.19	19.84	Total ADULT DAY CARE SALRS & RENEWALS	149,987	150,000	13	39.19	19.84
200	600	400	0.00	0.01	42399 LICENSES AND STATE FEES	200	600	400	0.00	0.01
7,175	6,000	1,175 *	0.13	0.11	42400 ADC ACTIVITIES AND SUPPLIES	7,175	6,000	1,175 *	0.13	0.11
1,727	1,320	407 *	0.03	0.02	42500 ADC ADVERTISING & PUBLIC RELA	1,727	1,320	407 *	0.03	0.02
15,974	16,800	826	0.29	0.31	42700 ADC MEALS FOR PARTICIPANTS	15,974	16,800	826	0.29	0.31

\* Unfavorable Differences

**Statement of Operations**  
Ave Maria Home (AM)  
7/1/12 to 6/30/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
959		959 *			42800 Bad Debt Expense - Day Care	959		959 *		
176,023	174,720	1,303 *	3.25	3.25	Total ADULT DAY CARE EXP	176,023	174,720	1,303 *	3.25	3.25
68,023	96,672	28,649 *	1.25	1.80	Total ADULT DAY CARE INCOME/(LOSS)	68,023	96,672	28,649 *	1.25	1.80
21,726	22,080	354 *			49996 ASST LIV REVENUE Days	21,726	22,080	354 *		
2,536,211	2,532,000	4,211	46.78	47.10	50005 ASSISTED LIVING FACILITY	2,536,211	2,532,000	4,211	46.78	47.10
19,500	9,000	10,500	0.90	0.41	51100 ASSISTED LIVING RENTS	19,500	9,000	10,500	0.90	0.41
3,095	2,760	335	0.14	0.13	51300 ASSISTED LIVING DEPOSITS	3,095	2,760	335	0.14	0.13
15,380	15,600	220 *	0.71	0.71	51400 ASSISTED LIVING SERVICES	15,380	15,600	220 *	0.71	0.71
9,952	5,400	4,552	0.46	0.24	51500 AL TELEPHONE SERVICE	9,952	5,400	4,552	0.46	0.24
2,584,137	2,564,760	19,377	118.94	116.16	51500 AL WELLNESS SUPPLIES	2,584,137	2,564,760	19,377	118.94	116.16
2,584,137	2,564,760	19,377	96.55	113.08	Total ASSISTED LIVING REVENUE	2,584,137	2,564,760	19,377	96.55	113.08
9,527	3,600	73 *	0.16	0.16	51900 ASSISTED LIVING FACILITY	9,527	3,600	73 *	0.16	0.16
3,527	3,600	73 *	0.16	0.16	51910 ASSISTED LIVING BEAUTY SHOP	3,527	3,600	73 *	0.16	0.16
2,587,665	2,568,360	19,305	119.10	116.32	Total ASSISTED LIVING OTHER INCOME:	2,587,665	2,568,360	19,305	119.10	116.32
					51999 ADMIN EXPENSE					
					52001 ADMINISTRATIVE EXPEN					
185,157	182,400	2,757 *	8.52	8.26	52005 ADMINISTRATIVE SALARIES.	185,157	182,400	2,757 *	8.52	8.26
2,993	36	2,957 *	0.14	0.00	52010 AL SALARIES - ADMINISTRATIVE	2,993	36	2,957 *	0.14	0.00
					52020 AL SALARY - SOCIAL WORKER					
10,901	9,300	1,601 *	0.50	0.42	52100 ADMINISTRATIVE EMPLOYEE	10,901	9,300	1,601 *	0.50	0.42
5,351	4,500	851 *	0.25	0.20	52110 AL AD VACATION	5,351	4,500	851 *	0.25	0.20
106	106 *	106 *	0.00	0.00	52120 AL AD HOLIDAYS	106	106 *	106 *	0.00	0.00
12,360	13,200	840	0.57	0.60	52140 AL AD OTHER COMPENSATION ANI	12,360	13,200	840	0.57	0.60
552	552 *	552 *	0.03	0.03	52170 AL AD PAYROLL TAXES	552	552 *	552 *	0.03	0.03
29,270	27,000	2,270 *	1.35	1.22	52195 AL AD OTHER EMPLOYEE BENEFIT	29,270	27,000	2,270 *	1.35	1.22
217,420	209,436	7,984 *	4.01	3.90	Total ADMINISTRATIVE EMPLOYEE BENEFITS:	217,420	209,436	7,984 *	4.01	3.90
114	36	36	0.01	0.00	Total ADMINISTRATIVE SALARIES & BENEFITS	114	36	36	0.01	0.00
300	108	6 *	0.01	0.00	52250 AL BAD DEBTS	300	108	6 *	0.01	0.00
					52500 AL LICENSES AND DUES					
					52550 AL FUND FAISING					

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Attachment C. Economic Feasibility-10

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
4,754	3,840	914 *	0.22	0.17	52650 AL OFFICE SUPPLIES	4,754	3,840	914 *	0.22	0.17
1,652		1,652 *	0.08		52675 AL PERSONNEL EXPENSE	1,652		1,652 *	0.08	
224,240	213,420	10,820 *	10.32	9.67	Total ADMINISTRATIVE EXPENSE	224,240	213,420	10,820 *	10.32	9.67
224,240	213,420	10,820 *	10.32	9.67	Total EXPENSES	224,240	213,420	10,820 *	10.32	9.67
224,240	213,420	10,820 *	4.14	3.97	Total ADMIN EXPENSE	224,240	213,420	10,820 *	4.14	3.97

## 52999 MKT EXP

### 53000 MARKETING

#### 53200 AL MARKETING SALARIES A

#### 53008 AL MARKETING SALARIES

38,651	39,600	949	1.78	1.79	53100 AL SALARY - MARKETING DIRECTC	38,651	39,600	949	1.78	1.79
38,651	39,600	949	0.71	0.74	Total AL MARKETING SALARIES	38,651	39,600	949	0.71	0.74
2,537	2,400	137 *	0.12	0.11	53210 AL MK VACATION	2,537	2,400	137 *	0.12	0.11
1,558	1,560	2	0.07	0.07	53220 AL MK HOLIDAYS	1,558	1,560	2	0.07	0.07
16		16 *	0.00		53240 AL MK OTHER COMPENSATION AN	16		16 *	0.00	
3,250	3,300	50	0.15	0.15	53270 AL MK PAYROLL TAXES	3,250	3,300	50	0.15	0.15
46,011	46,860	849	2.12	2.12	Total AL MARKETING SALARIES AND BENEFITS	46,011	46,860	849	2.12	2.12
1,284	3,840	2,556	0.06	0.17	53500 AL MK MEDIA AND CLASSIFIED	1,284	3,840	2,556	0.06	0.17
168		168 *	0.01		53630 AL MK OP OFFICE SUPPLIES	168		168 *	0.01	
4,550	3,768	782 *	0.21	0.17	53720 AL MK PUBLIC RELATIONS	4,550	3,768	782 *	0.21	0.17
9,607	7,200	2,407 *	0.44	0.33	53900 AL MK YELLOW PAGES	9,607	7,200	2,407 *	0.44	0.33
61,621	61,668	47	1.14	1.15	Total MARKETING EXPENSE	61,621	61,668	47	1.14	1.15
61,621	61,668	47	2.84	2.79	Total MARKETING	61,621	61,668	47	2.84	2.79
61,621	61,668	47	1.14	1.15	Total MKT EXP	61,621	61,668	47	1.14	1.15

## 53997 ACT EXP

### 54000 ACTIVITIES

#### 54200 AL ACTIVITIES SALARIES AN

26,022	24,000	2,022 *	1.20	1.09	54100 AL SALARIES - ACTIVITIES	26,022	24,000	2,022 *	1.20	1.09
32,879	28,800	4,079 *	1.51	1.30	54110 AL SALARIES-TRANSPORTATION	32,879	28,800	4,079 *	1.51	1.30
58,902	52,800	6,102 *	1.09	0.98	Total TOTAL AL ACTIVITIES SALARIES	58,902	52,800	6,102 *	1.09	0.98
2,689	6,000	3,311	0.12	0.27	54210 AL AC VACATION	2,689	6,000	3,311	0.12	0.27
3,257	5,076	1,819	0.15	0.23	54220 AL AC HOLIDAYS	3,257	5,076	1,819	0.15	0.23

\* Unfavorable Differences



**Statement of Operations**  
 Ave Maria Home (AM)  
 7/1/12 to 6/30/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
615	720	105	0.03	0.03	54240 AL AC OTHER COMPENSATION ANI	615	720	105	0.03	0.03
5,015	4,956	59 *	0.23	0.22	54270 AL AC PAYROLL TAXES	5,015	4,956	59 *	0.23	0.22
70,476	69,552	924 *	3.24	3.15	Total AL ACTIVITIES SALARIES AND BENEFITS	70,476	69,552	924 *	3.24	3.15
11,608	15,756	4,148	0.53	0.71	54300 AL AUTO & TRAVEL	11,608	15,756	4,148	0.53	0.71
65		65 *	0.00		54400 AL CRAFTS	65		65 *	0.00	
10,115	12,000	1,885	0.47	0.54	54500 AL SPECIAL EVENTS	10,115	12,000	1,885	0.47	0.54
6,387	6,000	387 *	0.29	0.27	54600 AL AC SUPPLIES	6,387	6,000	387 *	0.29	0.27
98,652	103,308	4,656	4.54	4.68	Total ACTIVITIES	98,652	103,308	4,656	4.54	4.68
98,652	103,308	4,656	1.82	1.92	Total ACTIVITIES EXPENSE	98,652	103,308	4,656	1.82	1.92
98,652	103,308	4,656	1.82	1.92	Total ACT EXP	98,652	103,308	4,656	1.82	1.92
<b>54698 PAST EXP</b>										
<b>54699 PASTORAL SERVICES</b>										
11,828	12,216	389	0.54	0.55	54700 PASTORAL SERVICE SALARIES	11,828	12,216	389	0.54	0.55
1,938	3,000	1,062	0.04	0.06	54810 PASTORAL EXPENSE	1,938	3,000	1,062	0.04	0.06
13,765	15,216	1,451	0.63	0.69	Total PASTORAL SERVICES	13,765	15,216	1,451	0.63	0.69
13,765	15,216	1,451	0.25	0.28	Total PAST EXP	13,765	15,216	1,451	0.25	0.28
<b>54998 AL NURS EXP</b>										
<b>54999 TOTAL AL NURSING EXPENSE</b>										
<b>55000 NURSING</b>										
<b>55100 AL NURSING SALARIES AND</b>										
<b>55001 AL NURSING SALARIES</b>										
39,965	32,400	7,565 *	1.84	1.47	55005 AL SALARIES - WELLNESS DIRECTI	39,965	32,400	7,565 *	1.84	1.47
203,307	216,000	12,693	9.36	9.78	55010 AL SALARIES - LICENSED NURSES	203,307	216,000	12,693	9.36	9.78
440,905	436,800	4,105 *	20.29	19.78	55020 AL SALARIES - AIDES	440,905	436,800	4,105 *	20.29	19.78
684,176	685,200	1,024	12.62	12.75	Total AL NURSING SALARIES	684,176	685,200	1,024	12.62	12.75
30,811	33,600	2,789	1.42	1.52	55110 AL NS VACATION	30,811	33,600	2,789	1.42	1.52
14,474	10,800	3,674 *	0.67	0.49	55120 AL NS HOLIDAYS	14,474	10,800	3,674 *	0.67	0.49
132		132 *	0.01		55130 AL NS SICK LEAVE	132		132 *	0.01	
1,803		1,803 *	0.08		55140 AL NS OTHER COMPENSATION ANI	1,803		1,803 *	0.08	
59,094	61,200	2,106	2.72	2.77	55170 AL NS PAYROLL TAXES	59,094	61,200	2,106	2.72	2.77
12,148	14,400	2,252	0.56	0.65	55300 AL WELLNESS SUPPLIES	12,148	14,400	2,252	0.56	0.65
802,638	805,200	2,562	36.94	36.47	Total AL NURSING SALARIES AND BENEFITS	802,638	805,200	2,562	36.94	36.47

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Attachment C. Economic Feasibility - 10

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
802,638	805,200	2,562	36.94	36.47	Total	802,638	805,200	2,562	36.94	36.47
(28)		28	0.00		55180 AL NS UNIFORMS	(28)		28	0.00	
11,337	11,100	237 *	0.52	0.50	55190 AL NS WEEKENDER PROGRAM	11,337	11,100	237 *	0.52	0.50
813,947	816,300	2,353	15.01	15.18	Total TOTAL AL NURSING EXPENSE	813,947	816,300	2,353	15.01	15.18
813,947	816,300	2,353	15.01	15.18	Total AL NURS EXP	813,947	816,300	2,353	15.01	15.18

## 55997 DIET EXP

## 55998 DIETARY EXPENSES

## 56000 DIETARY

## 56200 AL DIETARY SALARIES AND

101,052	100,800	252 *	4.65	4.57	56100 AL SALARIES - DIETARY STAFF	101,052	100,800	252 *	4.65	4.57
7,612	8,640	1,028	0.35	0.39	56210 AL DT VACATION	7,612	8,640	1,028	0.35	0.39
2,781	2,640	141 *	0.13	0.12	56220 AL DT HOLIDAYS	2,781	2,640	141 *	0.13	0.12
944	180	764 *	0.04	0.01	56240 AL DT OTHER COMPENSATION ANI	944	180	764 *	0.04	0.01
9,425	10,800	1,375	0.43	0.49	56270 AL DT PAYROLL TAXES	9,425	10,800	1,375	0.43	0.49
121,814	123,060	1,246	5.61	5.57	Total AL DIETARY SALARIES AND	121,814	123,060	1,246	5.61	5.57
156	480	324	0.01	0.02	56400 AL DT EDUCATION	156	480	324	0.01	0.02
12,908	12,000	908 *	0.59	0.54	56500 AL KITCHEN SUPPLIES	12,908	12,000	908 *	0.59	0.54
2,924	4,128	1,204	0.13	0.19	56600 AL KITCHEN REPLACEMENT	2,924	4,128	1,204	0.13	0.19
149,730	151,200	1,470	6.89	6.85	56700 AL RAW FOOD - RESIDENTS	149,730	151,200	1,470	6.89	6.85
1,318	1,320	3	0.06	0.06	56750 AL RAW FOOD - STAFF	1,318	1,320	3	0.06	0.06
288,849	292,188	3,339	13.30	13.23	Total	288,849	292,188	3,339	13.30	13.23
288,849	292,188	3,339	5.33	5.44	Total DIETARY EXPENSES	288,849	292,188	3,339	5.33	5.44
288,849	292,188	3,339	5.33	5.44	Total DIET EXP	288,849	292,188	3,339	5.33	5.44

## 56997 HSK EXP

## 56998 AL HOUSEKEEPING EXPENSE

## 57000 HOUSEKEEPING

## 57200 AL HOUSEKEEPING SALRS ,

16,803	15,600	1,203 *	0.77	0.71	57100 AL HOUSEKEEPING SALARIES	16,803	15,600	1,203 *	0.77	0.71
1,469	3,120	1,651	0.07	0.14	57210 AL HK VACATION	1,469	3,120	1,651	0.07	0.14
593	600	7	0.03	0.03	57220 AL HK HOLIDAYS	593	600	7	0.03	0.03
26		26 *	0.00		57240 AL HK OTHER COMPENSATION ANI	26		26 *	0.00	
1,443	1,500	57	0.07	0.07	57270 AL HK PAYROLL TAXES	1,443	1,500	57	0.07	0.07

\* Unfavorable Differences

Statement of Operations  
Ave Maria Home (AM)  
7/1/12 to 6/30/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
20,335	20,820	485	0.94	0.94	Total AL HOUSEKEEPING SALRS AND BENEFITS	20,335	20,820	485	0.94	0.94
8,048	8,400	352	0.37	0.38	AL HOUSEKEEPING SUPPLIES	8,048	8,400	352	0.37	0.38
6,825	6,324	501 *	0.31	0.29	AL LAUNDRY SUPPLIES	6,825	6,324	501 *	0.31	0.29
35,208	35,544	336	1.62	1.61	Total HOUSEKEEPING	35,208	35,544	336	1.62	1.61
35,208	35,544	336	0.65	0.66	Total AL HOUSEKEEPING EXPENSES	35,208	35,544	336	0.65	0.66
35,208	35,544	336	0.65	0.66	Total HSK EXP	35,208	35,544	336	0.65	0.66

57997 AL MAINT EXP

58000 MAINTENANCE

11,195	12,000	805	0.52	0.54	58200 AL MAINTENANCE SALARIES	11,195	12,000	805	0.52	0.54
780	720	60 *	0.04	0.03	58100 AL MAINTENANCE SALARIES	780	720	60 *	0.04	0.03
470	300	170 *	0.02	0.01	58210 AL MT VACATION	470	300	170 *	0.02	0.01
20		20 *	0.00		58220 AL MT HOLIDAYS	20		20 *	0.00	
48		48 *	0.00		58230 AL MT SICK LEAVE	48		48 *	0.00	
959	960	1	0.04	0.04	58240 AL MT OTHER COMPENSATION ANI	959	960	1	0.04	0.04

13,472	13,980	508	0.62	0.63	Total AL MAINTENANCE SALARIES AND BENEFITS	13,472	13,980	508	0.62	0.63
18,655	26,400	7,745	0.86	1.20	58300 AL BUILDING MAINTENANCE & REF	18,655	26,400	7,745	0.86	1.20
6,913	7,320	407	0.32	0.33	58350 AL EQUIPMENT MAINTENANCE & R	6,913	7,320	407	0.32	0.33
14,573	13,020	1,553 *	0.67	0.59	58400 AL MAINTENANCE CONTRACTS	14,573	13,020	1,553 *	0.67	0.59
138,845	150,000	11,155	6.39	6.79	58600 AL UTILITIES	138,845	150,000	11,155	6.39	6.79
10		10 *	0.00		58700 AL FREIGHT AND HAULING	10		10 *	0.00	
3,577	2,400	1,177 *	0.16	0.11	58900 AL MAINTENANCE SUPPLIES	3,577	2,400	1,177 *	0.16	0.11

196,046	213,120	17,074	9.02	9.65	Total MAINTENANCE	196,046	213,120	17,074	9.02	9.65
196,046	213,120	17,074	3.62	3.96	Total MAINTENANCE EXPENSES	196,046	213,120	17,074	3.62	3.96

1,732,328	1,750,764	18,436	31.95	32.57	Total AL MAINT EXP	1,732,328	1,750,764	18,436	31.95	32.57
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855,337	817,596	37,741	15.78	15.21	Total TOTAL AL OPERATING INCOME/	855,337	817,596	37,741	15.78	15.21
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59000 OTHER EXPENSES

208,428	208,552	124	9.59	9.45	59740 AL DEPRECIATION - BUILDING ADD	208,428	208,552	124	9.59	9.45
37,782	33,756	4,026 *	1.74	1.53	59760 AL DEPRECIATION - FURNITURE &	37,782	33,756	4,026 *	1.74	1.53
7,875	6,688	1,187 *	0.36	0.30	59780 AL DEPRECIATION - AUTOMOTIVE	7,875	6,688	1,187 *	0.36	0.30
					59810 AL BOND EXPENSE					

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Attachment C. Economic Feasibility

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GISmtpLandscape

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
265,318	262,800	2,518 *	4.89	4.89	63000 BOND INTEREST	265,318	262,800	2,518 *	4.89	4.89
7,380	7,380		0.34	0.33	79800 AL AMORTIZATION	7,380	7,380		0.34	0.33
526,782	521,372	5,410 *	24.25	23.61	OTHER EXPENSES	526,782	521,372	5,410 *	24.25	23.61
328,555	296,224	32,331	6.06	5.51	Total ASSISTED LIVING INCOME(LOSS)	328,555	296,224	32,331	6.06	5.51
91000 TOTAL HCBS OPERATING IN										
91200 TOTAL HCBS OPERATING RI										
255,060	253,440	1,620	4.70	4.71	91500 HCBS - PRIVATE	255,060	253,440	1,620	4.70	4.71
3,124,884	2,980,000	144,884	57.64	55.43	91800 HCBS - COUNCIL ON AGING	3,124,884	2,980,000	144,884	57.64	55.43
3,379,944	3,233,440	146,504	126.28	142.57	Total TOTAL HCBS OPERATING REVENUE	3,379,944	3,233,440	146,504	126.28	142.57
91400 TOTAL HCBS OPERATING E)										
91900 TOTAL HCBS PROF. CARE &										
163	2,221,380	163 *	0.00	41.32	92200 SALARIES - HCBS LICENSED NURS	163	2,221,380	163 *	0.00	41.32
2,207,205	2,221,380	14,175	40.71	41.32	92300 SALARIES - HCBS NURSES AIDES	2,207,205	2,221,380	14,175	40.71	41.32
2,207,368	2,221,380	14,012	40.71	41.32	Total TOTAL HCBS NURSING SALARIES	2,207,368	2,221,380	14,012	40.71	41.32
62,584	68,796	6,212	1.15	1.28	92610 HCBS NS VACATION	62,584	68,796	6,212	1.15	1.28
36,908	31,500	5,408 *	0.68	0.59	92620 HCBS NS HOLIDAYS	36,908	31,500	5,408 *	0.68	0.59
1,024	2,040	1,016	0.02	0.04	92630 HCBS NS SICK LEAVE	1,024	2,040	1,016	0.02	0.04
19,285	11,400	7,885 *	0.36	0.21	92640 HCBS NS OTHER COMPENSATION	19,285	11,400	7,885 *	0.36	0.21
187,371	192,156	4,785	3.46	3.57	92670 HCBS NS PAYROLL TAXES	187,371	192,156	4,785	3.46	3.57
(271)		271	0.00		92680 HCBS NS UNIFORMS	(271)		271	0.00	
2,161	2,161 *		0.04		92700 HCBS NS OTHER EMPLOYEE BENE	2,161	2,161 *		0.04	
2,516,430	2,527,272	10,842	46.41	47.01	Total TOTAL HCBS NURSING SALARIES &	2,516,430	2,527,272	10,842	46.41	47.01
1,870	4,980	3,110	0.03	0.09	92740 HCBS MEDICAL SUPPLIES	1,870	4,980	3,110	0.03	0.09
15		15 *	0.00		92770 HCBS SUPPLEMENT/STOCKS FOR	15		15 *	0.00	
2,518,316	2,532,252	13,936	46.45	47.10	Total TOTAL HCBS NURSING	2,518,316	2,532,252	13,936	46.45	47.10
2,518,316	2,532,252	13,936	46.45	47.10	Total TOTAL HCBS PROF. CARE & NURSING	2,518,316	2,532,252	13,936	46.45	47.10
92800 HCBS ADMINISTRATIVE AND										
92810 HCBS SALARIES - ADMINIST										
270,793	268,416	2,377 *	4.99	4.99	92820 HCBS SALARIES - ADMINISTRATIVE	270,793	268,416	2,377 *	4.99	4.99
270,793	268,416	2,377 *	4.99	4.99	Total HCBS SALARIES - ADMINISTRATION	270,793	268,416	2,377 *	4.99	4.99
13,498	11,400	2,098 *	0.25	0.21	92840 HCBS AD VACATION	13,498	11,400	2,098 *	0.25	0.21
6,570	5,100	1,470 *	0.12	0.09	92850 HCBS AD HOLIDAYS	6,570	5,100	1,470 *	0.12	0.09

\* Unfavorable Differences

# Statement of Operations

Ave Maria Home (AM)  
7/1/12 to 6/30/13

Month Actual	Month Budget	Month Diff	PPD Actual	PPD Budget	Account	YTD Actual	YTD Budget	YTD Diff	PPD Actual	PPD Budget
1,818 978	5,460	3,642 978 *	0.03 0.02	0.10	92860 HCBS AD SICK LEAVE	1,818 978	5,460	3,642 978 *	0.03 0.02	0.10
23,552	27,600	4,048	0.43	0.51	92870 HCBS AD OTHER COMP. AND AWA	23,552	27,600	4,048	0.43	0.51
317,209	317,976	767	5.85	5.91	92900 HCBS AD PAYROLL TAXES	317,209	317,976	767	5.85	5.91
1,183	720	463 *	0.02	0.01	Total HCBS ADMINISTRATIVE SALARIES	1,183	720	463 *	0.02	0.01
5,156	5,400	244	0.10	0.10	AND BENEFIT	5,156	5,400	244	0.10	0.10
1,669	1,800	131	0.03	0.03	92930 HCBS ADVERTISING AND PUBLIC F	1,669	1,800	131	0.03	0.03
6,897		6,897 *	0.13		92980 HCBS AUTO AND TRAVEL	6,897		6,897 *	0.13	
14,549		14,549 *	0.27		92990 HCBS OFFICE SUPPLIES AND PRIN	14,549		14,549 *	0.27	
346,662	325,896	20,766 *	6.39	6.06	93010 HCBS PERSONNEL EXPENSE	346,662	325,896	20,766 *	6.39	6.06
2,864,978	2,858,148	6,830 *	52.84	53.16	93035 BAD DEBT EXPENSE - HC	2,864,978	2,858,148	6,830 *	52.84	53.16
514,966	375,292	139,674	9.50	6.98	Total HCBS ADMINISTRATIVE AND GENERAL	514,966	375,292	139,674	9.50	6.98
514,966	375,292	139,674	9.50	6.98	Total TOTAL HCBS OPERATING INCOME/ (LOSS)	514,966	375,292	139,674	9.50	6.98
5,672	(54,359)	61,031	0.12	(1.01)	Total HCBS INCOME/LOSS FROM OPERATIONS	5,672	(54,359)	61,031	0.12	(1.01)
					Total NET INCOME/LOSS					

\* Unfavorable Differences

# Board for Licensing Health Care Facilities

State of Tennessee



License No. 0000000232

No. Beds 0075

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

AVE MARIA HOME, INC.

to conduct

and maintain a Nursing Home AVE MARIA HOME

Located at 2805 CHARLES BRYAN ROAD, BARTLETT

County of SHELBY, Tennessee.

*This license shall expire* JANUARY 25, 2014 *and is subject*

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued hereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State*

*this* 25TH day of JANUARY, 2013.



DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By* James J. Davis, MPH

*By* John J. Davis, Jr. 7/1/14  
COMMISSIONER



State of Tennessee  
DEPARTMENT OF HEALTH  
DIVISION OF HEALTH CARE FACILITIES  
WEST TENNESSEE REGIONAL OFFICE  
2975 Highway 45 Bypass, Suite C  
Jackson, Tennessee 38305  
Telephone: (731) 984-9684  
Fax: (731) 512-0063

September 05, 2013

Ms. Brenda Hardin, Administrator  
Ave Maria Home  
2805 Charles Bryan Road  
Bartlett, TN 38134

**RE: NOTICE OF COMPLIANCE**  
Recertification Survey  
CCN 44-5490

Dear Ms. Hardin:

The West Tennessee Regional Office of Health Care Facilities of the Department of Health conducted a recertification survey at your facility **August 19-21, 2013**. Based on a review of your plan of correction for the deficiencies cited, we are accepting your plan of correction and assume your facility in compliance with all participation requirements effective 09/02/2013. This office is recommending recertification in the Medicare and/or Medicaid program.

If you have any questions or we may be of any assistance to you, please feel free to contact this office.

Sincerely,

Jan Priddy, RN  
Public Health Nurse Consultant 2

JP/rm *rm*

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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PRINTED: 10/01/2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01, 02, 03, 04, 05  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 000	INITIAL COMMENTS  42 CFR 483.70(a)  K3 BUILDING: 0101 K6 PLAN APPROVAL: 1970 K7 SURVEY UNDER: 2000 Existing K8 SNF/NF  Type of Structure: One story with a partial basement, Type III (211), 1970, protected ordinary construction with three smoke compartments and a complete automatic (wet) sprinkler system  A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (Main Building, Bldg 01) was found not to be in compliance with the Requirements for Participation in Medicare and Medicaid.  The findings that follow demonstrate noncompliance with Title 42, Code of Federal Regulations, 483.70 (a) et seq. (Life Safety from Fire).	K 000			
K 025 SS=F	NFPA 101 LIFE SAFETY CODE STANDARD  Smoke barriers are constructed to provide at least a one half hour fire resistance rating in accordance with 8.3. Smoke barriers may terminate at an atrium wall. Windows are protected by fire-rated glazing or by wired glass panels and steel frames. A minimum of two separate compartments are provided on each	K 025	Facility shall maintain smoke barriers to resist the passage of smoke.  Plan of Correction: Overcut in the smoke wall between the dining room and therapy department was repaired on 10/02/2013 with a material		

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

*Delia Hachment*

TITLE

NH A

(X5) DATE

10-7-13

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 025	<p>Continued From page 1</p> <p>floor. Dampers are not required in duct penetrations of smoke barriers in fully ducted heating, ventilating, and air conditioning systems. 19.3.7.3, 19.3.7.5, 19.1.6.3, 19.1.6.4</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to maintain smoke barriers to resist the passage of smoke. The deficient practice affected three of three smoke compartments, staff, and all residents. The facility has the capacity for 75 beds with a census of 74 the day of survey.</p> <p>Findings include:</p> <p>Observation on 09/18/13 at 5:30 p.m. revealed a two inch overcut in the smoke wall between the Dining Room and Therapy Room.</p> <p>Interview on 09/18/13 at 5:30 p.m. with the Maintenance Supervisor revealed the facility was not aware of the hole in the smoke wall.</p> <p>The census of 74 was verified by the Administrator on 09/18/13. The finding was acknowledged by the Administrator and verified by the Maintenance Supervisor at the exit interview on 09/18/13.</p> <p>Actual NFPA Standard: NFPA 101, 8.3.6.1 Pipes, conduits, bus ducts, cables, wires, air ducts, pneumatic tubes and ducts, and similar building service equipment that pass through floors and smoke barriers shall be protected as follows:</p>	K 025	<p>that is capable of maintaining smoke resistance.</p> <p>Preventative Action: Maintenance Director/Safety Director or designee will repair all smoke barrier penetrations as they occur during renovations or construction projects.</p> <p>Maintenance Director or designee shall immediately inspect and repair penetrations when contractors complete projects.</p> <p>QA &amp; Monitoring: For the next two quarters, Maintenance Director will report to the QA Committee on the inspection and maintenance of smoke walls. Random monitoring will be performed on an on-going basis by Maintenance Director and/or designee.</p> <p>Date of Completion:</p>	10/2/13	

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01, 02, 03, 04, 05  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 025	Continued From page 2 1) The space between the penetrating item and the smoke barrier shall meet one of the following conditions: a. It shall be filled with a material that is capable of maintaining the smoke resistance of the smoke barrier. b. It shall be protected by an approved device that is designed for the specific purpose. 2) Where the penetrating item uses a sleeve to penetrate the smoke barrier, the sleeve shall be solidly set in the smoke barrier, and the space between the item and the sleeve shall meet one of the following conditions: a. It shall be filled with a material that is capable of maintaining the smoke resistance of the smoke barrier. b. It shall be protected by an approved device that is designed for the specific purpose. 3) Where designs take transmission of vibration into consideration, any vibration isolation shall meet one of the following conditions: a. It shall be made on either side of the smoke barrier. b. It shall be made by an approved device that is designed for the specific purpose. Actual NFPA Standard: NFPA 101, 8.3.6.2. Openings occurring at points where floors or smoke barriers meet the outside walls, other smoke barriers, or fire barriers of a building shall meet one of the following conditions: (1) It shall be filled with a material that is capable of maintaining the smoke resistance of the floor or smoke barrier. (2) It shall be protected by an approved device that is designed for the specific purpose. Actual NFPA Standard: NFPA 101, 8.3.2*. Smoke barriers required by this Code shall be continuous from an outside wall to an outside wall, from a floor to a floor, or from a smoke	K 025			

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01, 02, 03, 04, 05  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 052 SS=D	<p>Continued From page 3</p> <p>barrier to a smoke barrier or a combination thereof. Such barriers shall be continuous through all concealed spaces, such as those found above a ceiling, including interstitial spaces. Exception: A smoke barrier required for an occupied space below an interstitial space shall not be required to extend through the interstitial space, provided that the construction assembly forming the bottom of the interstitial space provides resistance to the passage of smoke equal to that provided by the smoke barrier.</p> <p>NFPA 101 LIFE SAFETY CODE STANDARD</p> <p>A fire alarm system required for life safety is installed, tested, and maintained in accordance with NFPA 70 National Electrical Code and NFPA 72. The system has an approved maintenance and testing program complying with applicable requirements of NFPA 70 and 72. 9.6.1.4</p> <p>This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to meet the requirements for the fire alarm system. The deficient practice affected three of three smoke compartments, staff, and all residents. The facility has the capacity for 75 beds with a census of 74 the day of survey.</p> <p>Findings include:</p>	K 052	<p>Facility shall meet the requirements for the fire alarm system on an ongoing basis.</p> <p>Plan of Correction: Magnetic locking device by DON's office has been programmed to release upon activation of the fire alarm system. All magnetic locking devices on all exits have been programmed to release upon loss of primary power to the fire alarm system.</p> <p>Preventative Action: Magnetic locks on all exits will be checked monthly to ensure they release upon loss of primary power to the fire alarm system and secondary power supply does not maintain these doors in the locked position.</p> <p>QA &amp; Monitoring: For the next two quarters, Maintenance Director or designee on a monthly basis shall test and verify that the magnetic locks are releasing appropriately and report findings to the QA Committee</p> <p>Date of Completion: 10/3/13</p>		

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01, 02, 03, 04, 05  B. WING _____	(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 052	<p>Continued From page 4</p> <p>1. Observation on 09/18/13 at 4:30 p.m. revealed the magnetic locking device installed at exit door by the DON Office failed to unlock upon activation of the fire alarm system.</p> <p>Interview on 09/18/13 at 4:30 p.m. with the Maintenance Supervisor revealed the facility was not aware the magnetic locking device was not releasing upon activation of the fire alarm.</p> <p>2. Observation on 09/18/13 at 4:55 p.m. revealed the magnetic locking devices installed at exits throughout the facility failed to unlock upon loss of primary power to the fire alarm system. The fire alarm control panel indicated primary power loss during this time.</p> <p>Interview on 09/18/13 at 4:55 p.m. with the Maintenance Supervisor revealed the facility was not aware the magnetic locking devices installed at exit doors were required to release upon loss of primary power to the fire alarm system.</p> <p>The census of 74 was verified by the Administrator on 09/18/13. The finding was acknowledged by the Administrator and verified by the Maintenance Supervisor at the exit interview on 09/18/13.</p> <p>Actual NFPA Standard: NFPA 101, 9.6.1.4. A fire alarm system required for life safety shall be installed, tested, and maintained in accordance with the applicable requirements of NFPA 70, National Electrical Code, and NFPA 72, National Fire Alarm Code.</p> <p>Actual NFPA Standard: NFPA 72, 3-9.7.1. Any device or system intended to actuate the locking or unlocking of exits shall be connected to the fire</p>	K 052		

Attachment C. i.e.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01, 02, 03, 04, 05  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 052	Continued From page 5 alarm system serving the protected premises. Actual NFPA Standard: NFPA 72, 3-9.7.2. All exits connected in accordance with 3-9.7.1 shall unlock upon receipt of any fire alarm signal by means of the fire alarm system serving the protected premises. Actual NFPA Standard: NFPA 72, 3-9.7.3. All exits connected in accordance with 3-9.7.1 shall unlock upon loss of the primary power to the fire alarm system serving the protected premises. The secondary power supply shall not be utilized to maintain these doors in the locked condition.	K 052			
K 056 SS=F	NFPA 101 LIFE SAFETY CODE STANDARD  If there is an automatic sprinkler system, it is installed in accordance with NFPA 13, Standard for the Installation of Sprinkler Systems, to provide complete coverage for all portions of the building. The system is properly maintained in accordance with NFPA 25, Standard for the Inspection, Testing, and Maintenance of Water-Based Fire Protection Systems. It is fully supervised. There is a reliable, adequate water supply for the system. Required sprinkler systems are equipped with water flow and tamper switches, which are electrically connected to the building fire alarm system. 19.3.5  This STANDARD is not met as evidenced by: Based on observation and interview, the facility failed to meet the requirements for the sprinkler system. The deficient practice affected three of three smoke compartments, staff, and all residents. The facility has the capacity for 75 beds with a census of 74 the day of survey.	K 056	Facility shall meet the requirements for the sprinkler system.  Plan of Correction: On 9/30/13, River City Sprinkler Company assessed and ordered material to install sidewall spray sprinkler at the bottom of elevator hoistway.  Preventative Action: Maintenance will visually inspect sidewall spray sprinklers monthly to ensure there is no buildup of debris. Any issues will be addressed upon observation.  QA & Monitoring: Maintenance Director will report findings to QA Committee over next two quarters. Random monitoring will be performed on an on- going basis by Maintenance		

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NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 056	Continued From page 6  Findings include:  Observation on 09/18/13 at 11:30 a.m. revealed the hydraulic elevator pit was not provided with sprinkler protection.  Interview on 09/18/13 at 11:30 a.m. with the Maintenance Supervisor revealed the facility was not aware that sprinkler coverage was not provided in the area.  The census of 74 was verified by the Administrator on 09/18/13. The finding was acknowledged by the Administrator and verified by the Maintenance Supervisor at the exit interview on 09/18/13.  Actual NFPA Standard: NFPA 13, 5-13.6.1*. Sidewall spray sprinklers shall be installed at the bottom of each elevator hoistway not more than 2 ft (0.61 m) above the floor of the pit. Exception: For enclosed, noncombustible elevator shafts that do not contain combustible hydraulic fluids, the sprinklers at the bottom of the shaft are not required.	K 056	Director and Administrator. Date of Completion:	10/31/13	
K 000	INITIAL COMMENTS  42 CFR 483.70(a)  K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF  Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two	K 000			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 000	<p>Continued From page 7</p> <p>smoke compartments and a complete automatic (wet) sprinkler system</p> <p>A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Mary's, Bldg 02) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid. 42 CFR 483.70(a)</p> <p>K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF</p> <p>Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system</p> <p>A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Joseph's, Bldg 03) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid. 42 CFR 483.70(a)</p> <p>K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011</p>	K 000			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
K 000	<p>Continued From page 8</p> <p>K7 SURVEY UNDER: 2000 New K8 SNF/NF</p> <p>Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system</p> <p>A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Francis, Bldg 04) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid. 42 CFR 483.70(a)</p> <p>K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF</p> <p>Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system</p> <p>A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Ann's, Bldg 05) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid.</p>	K 000			



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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A Hachment C. 118

PRINTED: 10/01/2013  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 02 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 000	<p>INITIAL COMMENTS</p> <p>42 CFR 483.70(a)</p> <p>K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF</p> <p>Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system</p> <p>A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Mary's, Bldg 02) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid.</p>	K 000			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*Deborah H. Anderson*

NHA

10-7-13

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that the institution's safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

119

A Hachment C.I.A.  
PRINTED: 10/01/2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 03 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 000	INITIAL COMMENTS  42 CFR 483.70(a)  K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF  Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system  A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Joseph's, Bldg 03) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid.	K 000			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*Deborah H. Hachment*

NHA

10-7-13

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DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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PRINTED: 10/01/2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 04 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 000	INITIAL COMMENTS  42 CFR 483.70(a)  K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF  Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system  A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Francis, Bldg 04) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid.	K 000			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]*

NHA

10-7-13

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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PRINTED: 10/01/2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	(X2) MULTIPLE CONSTRUCTION A. BUILDING 05 - MAIN BUILDING  B. WING _____		(X3) DATE SURVEY COMPLETED  09/19/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 000	INITIAL COMMENTS  42 CFR 483.70(a)  K3 BUILDING: 0101 K6 PLAN APPROVAL: 2011 K7 SURVEY UNDER: 2000 New K8 SNF/NF  Type of Structure: One story, Type V (111), 2011, protected wood frame construction with two smoke compartments and a complete automatic (wet) sprinkler system  A Comparative Federal Monitoring Survey was conducted on 09/19/13, following a State Agency Annual Survey on 08/19/13 in accordance with 42 Code of Federal Regulations, Part 483: Requirements for Long Term Care Facilities. During this Comparative Federal Monitoring Survey, Ave Maria Home (St. Ann's, Bldg 05) was found to be in compliance with the Requirements for Participation in Medicare and Medicaid.	K 000			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

*Robert H. Haskins*

TITLE

NH A

(X6) DATE

10-7-13

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	122 (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____	(X3) DATE SURVEY COMPLETED  08/21/2013
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NAME OF PROVIDER OR SUPPLIER

AVE MARIA HOME

STREET ADDRESS, CITY, STATE, ZIP CODE

2805 CHARLES BRYAN RD  
BARTLETT, TN 38134

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
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F 170 483.10(i)(1) RIGHT TO PRIVACY -  
SS=C SEND/RECEIVE UNOPENED MAIL

The resident has the right to privacy in written communications, including the right to send and promptly receive mail that is unopened.

This REQUIREMENT is not met as evidenced by:

Based on interview, it was determined the facility failed to ensure residents' mail was promptly delivered on Saturdays for 75 of 75 residents residing in the facility.

The findings included:

During an interview in Administrator's office on 8/21/13 at 5:00 PM, the Administrative Assistant stated, "Mail is delivered here on Saturdays to the front desk and it is placed in my office and on Mondays I put it [mail] in the "Activities Box" and they distribute it [mail] out to the residents..."

During an interview in the activities department office on 8/21/13 at 5:15 PM, the Activities Director confirmed that no mail was delivered to the residents on Saturdays.

F 309 483.25 PROVIDE CARE/SERVICES FOR  
SS=D HIGHEST WELL BEING

Each resident must receive and the facility must provide the necessary care and services to attain or maintain the highest practicable physical, mental, and psychosocial well-being, in accordance with the comprehensive assessment and plan of care.

F 170 Residents will continue receiving mail on Saturdays or when the mail is delivered by the Post Office. The manager on duty will deliver the mail to the appropriate resident. The Activity Director will monitor through a resident satisfaction questionnaire annually. Results will be reported to the Quality Assurance Committee. 9/02/13

Administrator will monitor for compliance.

F 309 Ave Maria Home will continue to ensure physician orders (PO) are obtained and followed.

Plan of Correction: The physician order for Resident #70 was obtained on 3/26/2013 for an orthotic device to be used when up in wheelchair at all times. On 8/22/2013 a new order was received to discontinue the orthotic device after the DON discussed the use of the device

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

*Frank J. Latture*

TITLE

*Executive Director*

(X6) DATE

9/5/13

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

ATTACHMENT

PRINTED: 08/20/2013  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	123 (X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED  08/21/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME		STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)  (X5) COMPLETION DATE
F 309	Continued From page 1  This REQUIREMENT is not met as evidenced by: Based on policy review, medical record review, observation and interview, it was determined the facility failed to ensure physician's orders were followed for an orthotic device or medication for 2 of 17 (Residents #70 and #93) sampled residents of the 28 residents included in the stage 2 review.  The findings included:  1. Review of the facility's "Physician Medication Orders" policy documented, "...Medications shall be administered... upon the written order of a person duly licensed and authorized to prescribe such as medications in this state..."  2. Medical record review for Resident #70 documented an admission date of 7/10/12 with diagnoses of Arthritis Rheumatoid, Atrial Fibrillation, Hypothyroidism, Hypertension, Bradycardia, Sick Sinus Syndrome, Senile Osteoporosis, Degenerative Joint Disease, Status Post Fracture Right Femoral Neck. Review of a physician's order signed 8/1/13 documented, "...PT [physical therapy] TO USE HIP/KNEE ABDUCTION ORTOSIS WHEN UP ON W/C [wheelchair] AT ALL TIMES FOR INCREASED POSITIONING OF BLE [bilateral lower extremities]..."  Observations in the hallway on 8/19/13 at 11:10 AM, revealed Resident #70 propelling herself in a w/c with no orthotic device between her knees.  Observations in the dining room on 8/20/13 at 8:35 AM, revealed Resident #70 propelling herself in a w/c with no orthotic device between	F 309	with the Physical Therapist and MD. For Resident #93 the MD and NP were made aware that the PO was not processed correctly and a new order was received to administer the Seroquel 12.5 QHS for early morning behaviors.  Preventative Action: All elders with devices will be added to the Restorative Nursing program to ensure placement of devices according to MD orders. In addition, the Certified Nursing Assistant care plan will be updated quarterly by the MDS nurse and ADON, or her designee. The 10p-6a charge nurse was in-serviced to check charts in the evening to ensure all orders are processed correctly and to handwrite the new order on the paper Medical Administration Record. The 10p-6a charge nurse is also to check the e-Link for the eMar program to ensure all new orders are processed. The eMar program has a new Orders Administration system that Ave Maria Home will convert to by 9/16/2013. This program is an update to the current system and provides a means for the pharmacy and the nurses to both view the orders entered by either party.  QA and Monitoring: The ADON, or her designee, will randomly monitor weekly to ensure that the physician orders are being followed. The ADON, or her designee, will regularly check the e-Link weekly to ensure orders are processed through the pharmacy system accurately, and she will also randomly check the e-Mar weekly to monitor for accuracy of the orders. The DON will

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 08/20/2013  
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OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	124 (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  08/21/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 309	Continued From page 2 her knees.  Observations in Resident #70's room on 8/21/13 at 9:30 AM, revealed Resident #70 sitting in a w/c with no orthotic device between her knees.  Observations in the hallway on 8/21/13 at 2:20 PM, revealed Resident #70 in a w/c with her knees together, her left foot on the floor and her right foot on the pedal of the w/c. There was no orthotic device between her knees.  During an interview in the conference room on 8/21/13 at 2:30 PM, the Director of Nursing (DON) was asked if a hip knee abduction orthosis should be present when Resident #70 is up in a w/c. The DON stated, "...let me ask the therapist if this is a current order or if it [the order] has not been taken off... I have not seen this on her..."  During an interview in the conference room on 8/21/13 at 2:50 PM, the DON confirmed the order for the orthotic was a current order.  3. Medical record review for Resident #93 documented an admission date of 7/23/13 with diagnoses of Alzheimer's Disease, Chronic Atrial Fibrillation, Diabetes Mellitus and Depressive Disorder. Review of a physician's order dated 7/31/13 documented, "...Seroquel 12.5 mg [milligrams] HS [hour of sleep] for early AM behaviors..." The electronic Medication Administration Record (MAR) dated July and August 2013 revealed no documentation that Resident #93 ever received Seroquel 12.5 mg at HS from July 31 through August 20, 2013 (21 days).  Review of the admission Minimum Data Set		F 309 monitor for compliance.		



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490	125 (X2) MULTIPLE CONSTRUCTION A. BUILDING _____ B. WING _____		(X3) DATE SURVEY COMPLETED  08/21/2013
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134		
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE	
F 309	Continued From page 3  (MDS) dated 7/31/13 documented a Brief Interview for Mental Status score of 0, indicating the resident's cognition was severely impairment. This MDS documented the presence of physical behavioral symptoms directed toward others which put the resident at significant risk for physical illness or injury and significantly interfered with the resident's care. The resident's behavior put others at significant risk for physical injury and significantly disrupted care and the resident rejected evaluation or care 4 to 6 days out of the last 7 day look back period.  Review of the "Behavior Roster" dated 7/30/13 at 3:23 AM, documented "...Behavior noticed... Yes, behavior noted... Describe behavior... Kicking others..."  During an interview in the legacy house hallway on 8/20/13 at 4:20 PM, Nurse #1 was asked about Resident #93's behaviors. Nurse #1 stated, "[Resident #93] can get agitated in the morning..."  During an interview in the legacy house nurses' station on 8/21/13 at 1:25 PM, Resident #93's Nurse Practitioner confirmed she wrote the order for Seroquel on 7/31/13 based on a report from staff about Resident #93 displaying behaviors.  During an interview in the DON's office on 8/21/13 at 1:30 PM, the DON confirmed Resident #93 did not receive Seroquel 12.5 mg at bedtime. The DON was asked to find documentation that Resident #93 had received Seroquel. The DON stated, "...I would have to agree... I do not see it [that Seroquel was on the MAR]..."	F 309			

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

Attachment C.1.1.1

PRINTED: 08/22/2013  
FORM APPROVED  
OMB NO. 0938-0391

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STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445490		(X2) MULTIPLE CONSTRUCTION A. BUILDING 01 - MAIN BUILDING 01  B. WING _____		(X3) DATE SURVEY COMPLETED  08/19/2013	
NAME OF PROVIDER OR SUPPLIER  AVE MARIA HOME				STREET ADDRESS, CITY, STATE, ZIP CODE 2805 CHARLES BRYAN RD BARTLETT, TN 38134			
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)			ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K9999	FINAL OBSERVATIONS  During the annual survey conducted on 8/19/13, this facility was found to be in compliance with the requirements of the National Fire Protection Association (NFPA) 101, Life Safety Code, 2000 edition, Chapter 19, Existing Health Care Facilities.			K9999			

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

*Frank J. Satter*

TITLE

*Executive Director*

(X6) DATE

*9/5/13*

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that her safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

AFFIDAVIT

DEC 12 '13 4:25

STATE OF Tennessee

COUNTY OF Shelby

FRANK J. GATTUSO, JR., being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Frank J. Gattuso, Jr., Executive Director  
SIGNATURE/TITLE

Sworn to and subscribed before me this 11 day of DECEMBER, 2013 a Notary  
(Month) (Year)

Public in and for the County/State of Tennessee

J. Martin Regan, Jr.  
NOTARY PUBLIC

My commission expires March 23, 2016  
(Month/Day) (Year)



My Commission Expires 03/23/2016

# **COPY- SUPPLEMENTAL-1**

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**Ava Maria Home**

**CN1312-048**

## 1. Section A, Applicant Profile, Item 5

Your response is noted. Please place an N/A if the applicant is self-managed.

Response:

N/A was placed on Item 5 of the Applicant Profile which is Attachment 1.

## 2. Section B, Project Description, Item 1

Your response is noted. Please provide an executive summary not to exceed two (2) pages. Please list the following areas as headers and address each area under the header: proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Response:

## A. Proposed Services and Equipment

Applicant is a 501(c) 3 corporation. Applicant proposes to continue to own, operate and construct 3 – 12 bed Green House® homes on its campus to replace an existing 35 - bed west wing of the remaining building and request 30 new additional beds for its campus to be constructed in conjunction with the Green House® Home model. Each Green House® Home on the main campus will be designed around the Eden principals and Green House concept. The first 3 Green House ® Homes will include 12 private rooms in each Home, 12 private baths, a large living "Hearth" room, open kitchen and support space. One home will have a room which is set up, but not in the bed count. Each Home will be approximately 7500 square feet. The additional 3 new Green House ® Homes will be designed with 10 private rooms in each Home, 10 private baths, a large living "Hearth" room, open kitchen and support spaces. The Green House® Homes will all be single story with the following major operational areas:

- a. The building(s) will provide each resident with individual heating and air controls in their individual rooms and a central heating and air system for the living "Hearth" room, kitchen and support spaces.
- b. The individual resident rooms will have a closet, built in shower, built in resident lift, and will allow the residents to bring more personal items in conjunction with the federal and state regulations which are currently in effect.
- c. The three additional 10 bed Green House® Homes will have the den space converted into a rehabilitation room where speech, occupational and physical therapy could be provided. There will also be a therapy garden where residents can receive rehabilitation therapy outside when weather permits to allow for them to obtain their maximum potential.

## B. Ownership Structure

The Applicant's ownership structure will be maintained. Ave Maria Home is the owner, and operator. There is no management company.

C. Service Area

The Applicant's service area is Shelby County, primarily Bartlett. Bartlett is located in the heart of Shelby County and is easily accessible to all its citizens. Of the Applicant's current 75 residents, 68 resided in or originated in Shelby County and lived within 30 minutes of the facility. Of the 255 people on the applicant's wait list, 230 live in or reside in Shelby County.

D. Need

Since the opening of the Green House® Homes, the applicant has had increased demand for this type of quality of life and level of care. Applicant averages 10 phone calls per day for skilled care. Applicant averages 3 referrals per day from hospitals in the service area. According to the Applicant's records for potential admissions for just the last 3 months:

Hospital Referrals:

October 2013 – 37

November 2013– 48

December 2013 – 33

Of these potential referrals, only 11 were able to be admitted over the quarter to the facility since there are only 75 licensed beds currently.

E. Existing Resources

Currently, Applicant has ample staff who are available and have found that certified nurse aides like self-managed work groups which develop as a result of the Green House® Homes.

Applicant currently has management in place to operate additional Green House® Homes.

Applicant has a staffing pattern of 3.8 – 4.0 per patient day hours on a daily basis. The State minimum requirement is 2.0 per patient day hours.

F. Project Cost

The total cost of the project is estimated to be \$8 million.

G. Funding

Applicant is in the process of raising the funds for the project. As of this date, the Ave Maria Foundation has committed \$1 million of current dollars. Since 1/2012, Ave Maria has raised \$951,548.06 from annual giving and programs. One private donor has committed \$1million. In addition, another proposal to a local foundation has been submitted for \$2 million and is contingent upon the Certificate of Need being approved. The remaining balance will be raised over the next two years from other foundations, organizations and individual donors. Short term financing may be used to cover construction while donations come.

H. Financial Feasibility

The Applicant believes the project costs to be reasonable in relation to the type of facilities which Applicant has just completed and have been constructed on its own campus over the past several years. The Applicant's costs ran somewhat higher due to the types of materials utilized in the construction. The Applicants also furnished each room at a substantially higher cost in

order to create a homelike environment. In 2008, Rainbow Health and Rehab was under construction in the Applicant's service area. The 112 bed facility with an estimated \$5,980,000.00 cost was expected to be 46,289 square feet. If this held true, the cost per square foot was toward the upper range of \$135.00 - \$140.00. This was five years ago. If inflation was around 2% - 4% per year over the past five years, the cost today for that building might be in the \$165.00 - \$175.00 per square foot. It would be reasonable to state that the Green House<sup>®</sup> model is more expensive to construct due to the multiplicity of the projects.

I. Staffing

Applicant currently has a staffing pattern which is double the minimum requirements required by the State of Tennessee.

3. Section A. 9. (Bed Complement Data)

Please total the Bed Complement Data Chart and resubmit.

The applicant is requesting 30 skilled beds as part of this proposed project. Please clarify the need for thirty additional skilled beds while the applicant provided only 3,157 level II Care/Skilled Nursing Care patient days in 2012 according to the provisional 2012 JAR.

Response: The Bed Complement Data Chart has been totaled and re-submitted as part of Attachment 1. The applicant believes that due to current demand with an average of 10 calls per day, 4 tours per month and 5 referrals per day from hospitals, demand will only increase as the population continues to age. Also, once current residents come to the Green House<sup>®</sup> Homes, they do not want to leave and therefore the level II Care/Skilled Nursing Care patient days is not higher because residents do not want to leave.

4. Section B. II.A. (Square Footage Chart)

Please provide the square footage of the existing space which the project will eliminate and the proposed square footage of the planned new areas with the individual square footages for each of the proposed "greenhouse" homes.

Response: Please see the attached Square Footage Chart as attachment 2.

5. Section B, Project Description, Item II B.

Please identify the facility's certified bed mix for each of the last three years.

Response: All 75 beds are dually certified as Medicare and Medicaid since January, 2009. The Applicant became Medicare certified in January, 2009.

6. Section B. II D.

The Joint Annual Report indicates there were twelve (12) male residents and fifty-seven (57) female residents total facility residents in 2012. Please clarify if the proposed green homes will be coed.

Response: All the Green House ® Homes will be individual rooms and therefore, accommodating both male and female residents in each Green House ®Home.

7. Section B. IV (Floor Plans)

Please provide a floor plan of the current facility which outlines the thirty-five (35) beds on the West Wing the applicant wants to replace.

Response: Attachment 3 is the floor plan of the 35 beds on the West Wing which the applicant wants to replace.

8. Section C. (Need) Item 1 State Health Plan

Tennessee Code Annotated Section 68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/finance/healthplanning/>). The State Health Plan guides the state in the development of health care programs and policies and in the allocation of health care resources in the state, including the Certificate of Need program. The 5 Principles for Achieving Better Health from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.
  - a. How will this proposal protect, promote and improve the health of Tennesseans over time?
  - b. What health outcomes will be impacted and how will the applicant measure improvement in health outcomes?
  - c. How does the applicant intend to act upon available data to measure its contribution to improving health outcomes?
2. Every citizen should have reasonable access to health care.
  - a. How will this proposal improve access to health care? You may want to consider geographic, insurance, use of technology, and disparity issues (including income disparity), among others.
  - b. How will this proposal improve information provided to patients and referring physicians?
  - c. How does the applicant work to improve health literacy among its patient population, including communications between patients and providers?
3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.
  - a. How will this proposal lower the cost of health care?



- b. How will this proposal encourage economic efficiencies?
- c. What information will be made available to the community that will encourage a competitive market for health care services?
- 4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.
  - a. How will this proposal help health care providers adhere to professional standards?
  - b. How will this proposal encourage continued improvement in the quality of care provided by the health care workforce?
- 5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce\*
  - a. How will this proposal provide employment opportunities for the health care workforce?
  - b. How will this proposal complement the existing Service Area workforce?

Response:

- 1. The replacement of the Applicant's current nursing facility's west wing with three, 12-bed Green House ®Homes, plus the addition of 30 beds constructed in conjunction with the Green House Home ®model, will enhance the Applicant's ability to protect, promote, and improve the health of Tennesseans for several reasons:
  - a. The state of the art design will give each Green House resident a single story residence which is more home-like with a living room, dining room and den for socialization. The object of the Green House® model is to de-institutionalize long term care by providing elders with a true home. The Green House ®model is changing the long term care model to a wellness environment of support for elders.
  - b. The elders of each Green House ® home are expected to maximize their functional capacity because of the small scale environment and freedom from institutional routines. Gathering spaces for elders will enhance their activities of daily living such as the living room with a fire place and the dining room for meals and socialization. According to Principle 1 of the State health plan, accidents and adverse effects are a leading cause of death for Tennessee residents. The Green House ®home model which the applicant currently has in place has greatly reduced accidents and other adverse effects for its elders. Also, in the Applicant's current Green House ® homes, the elders are also able to receive various therapies since the homes are constructed with in-ceiling lifts for gait and ambulation training as well as being able to provide occupational therapy in the homes kitchens. In addition, the Applicant currently has no restraints in its facility and has been restraint free for almost a year since implementing its Green House ®homes. In a Green House study conducted by Sharkey,

Hudak, and Horn, a preliminary analysis of pressure ulcer data collected found that there was a statistical significant difference between Green House® homes and co-located units. The Green House® home rate (0%) was significantly less than rates for co-located units and community comparisons. See Attachment 4.

- c. The Applicant intends to continue to act upon measuring its health outcomes by measuring its incidence of restraints, pressure ulcers and weight loss of its population against those in traditional long term care settings via the National Green House Project data.
2. Access to Care, which is the 2<sup>nd</sup> Principle of Achieving Better Health in Tennessee, is of primary concern as well to the Applicant.
- a. The Applicant's proposed project will help preserve and improve accessibility to long term care in the Applicant's service area of Shelby County. Applicant is increasing the size of the long term care facility with the addition of 30 beds. If one considers the immediate 10 mile radius surrounding Applicant's proposed service area, the providers in the immediate area are running at an average annual occupancy of approximately 89.2% as shown in the chart below:

Name of Home	Distance from Applicant	Occupancy Rate
Applingwood Health	4.5 miles	92%
Grace Health	8 miles	67%
Kings Daughters	4 miles	93%
Rainbow Rehab	4 miles	97%
Spring Gate Rehab	6 miles	97%

The Applicant's proposed project will have no adverse effect in the service area. The one facility with the lowest occupancy is the one further away from the applicant. Accessibility and availability will not be negative in getting access to sites of care. In fact, it will increase the availability of sites of care where patients can receive needed services. The Applicant has been a trusted name in long term care for over 55 years. The community knows that the Applicant develops relationships with its patients based on trust which is a primary part of Principle 2.

- b. This proposal will improve information provided to patients and referring physicians by demonstrating the increased staffing pattern, the improved home-like environment, and that those elders who are utilizing Medicaid are not denied access to the level of care which is desired and needed. Each elder of a Green House® home will have access to a private room, shower and bath, for purposes of dignity and respect. Also, medications are located in each elder's room giving each elder privacy during their stay. The Applicant has instituted electronic medical records in the Green House ®Homes which physicians can have access as well as this project.
- c. The Applicant works to improve health literacy by participating in health fairs in its service area as well as expos. The Applicant also invites various providers, including social workers, case managers, pastors and many others into its current Green House ® Homes to educate the public about the mission of life in a Green House ®Home. This model gives elders improved options of health care and assists with the transitioning of life.

3. The Applicant believes this proposal helps address the needs of Tennesseans while encouraging competitive markets and economic efficiencies.
  - a. This proposal will help lower the cost of health care as demonstrated by a study from the Green House Project. Research indicates that Green House ®Homes cost no more to operate than good quality nursing homes. See Attachment 4 from the Green House Project.
  - b. This proposal will encourage economic efficiencies. The Applicant's proposal with the addition of the 30 beds will return elders to a higher functioning status. The additional 30 proposed beds will give elders an opportunity to return to their previous functioning status. Whereas, if these beds were not available, the potential elders would be underserved.
  - c. The Applicant will make as much information available as possible to the community in regards to the economic efficiencies of its Green House ®Homes. The Applicant will work with the national Green House Project to ensure elders and their families are aware of the potential services which would be a benefit to them, such as physical therapy, occupational therapy and speech therapy in the new homes.
4. The Applicant is concerned that the quality of health care is continually monitored and standards are adhered to by health care providers.
  - a. This proposal will assist health care providers to adhere to professional standards as evidenced by the Applicant's annual inspections. A copy of the annual inspection was provided in the previous packet. The Applicant has a continuous quality improvement program which constantly evaluates itself and holds itself to high standards of practice and patient centered care. The Green House ®Homes are adhering to Principle 4, Quality of Care. The Green House ® Homes give the elders the greater ability of personal preferences and their own medical needs can be met. The elders of the homes realize they have more autonomy with their own choices. See attachment 5.
  - b. This proposal will encourage quality improvement in the quality of care provided by health care workers for several reasons. First, each Green House ®Home has a Guide, commonly an Administrator, who monitors the care being delivered by the Shabaz. The Guide's role is to promote elder independence and choices on a daily basis. Second, the Guide works in collaboration with the Nursing department to ensure bench marks are being met. Bench marks such as restraints, pressure ulcers, and weight loss are tracked weekly and monitored for compliance by both the Guide and Director of Nurses.
5. The State should support the development, recruitment and retention of a sufficient and quality health care workforce.
  - a. This proposal gives employment opportunities to more certified nurse aides. The Green House ®Homes require an additional 128 hours of training after someone is certified as a nurse aide. The training includes, but is not limited to, 40 hours of culinary training, 40 hours of being instructed on how to care for a home, and 40 hours of Green House Training where the certified nurse aides learn how to relate to elders in a de-institutionalized way.

This intensive training then translates over to the certified nurses' aide's personal life making them a better person by improving their professional and personal skills.

- b. This proposal complements the existing service area workforce in that the certified nurse aides achieve a higher level of training and understanding in dealing with elders. Becoming a Shabaz is a reward and has become part of our C.N.A. clinical ladder program for the Applicant. The certified nurse aide has to perform his/her job functions at a higher level than a regular certified nurse aide in an institutional setting.

#### 9. Section C. (Need) Item 1

Please provide responses to the application's Section C. 1. (Need). Item 1 which provides answers to the questions on pages 11 – 12 of Tennessee's health: Guidelines for Growth, Criteria and Standards, Edition 2000, Nursing Home Services".

Please provide responses to the application's Section C. 1. (Need). Item 1 which provides answers to the questions on page 23 of Tennessee's Health: Guidelines for Growth, Criteria and Standards, Edition 2000, "Construction Renovation, Expansion and Replacement of Health Care Institutions."

#### Response:

This is the follow up to the previous CON #CN0803-012. The Applicant's long range development plans include constructing three-12 bed Green House® homes to replace an existing 35 bed west wing and construct new, 3, 10-bed Green House® homes, thereby providing an additional 30 bed for elders in our community, therefore increasing our licensed bed count to 105. These homes would provide private apartments with private bathrooms for all our nursing home residents, regardless of their ability to pay. These homes will offer residents more privacy and dignity while living at Ave Maria Home. This will complete the long range plans of the applicant.

The replacement of the Applicant's current nursing home facility's west wing with three 12-bed Green House® homes, plus the addition of 30 beds constructed in conjunction with the Green House Home® model, will enhance the Applicant's ability to provide medically appropriate and cost effective care to the residents for several reasons:

- a. The state-of-the art design will give each Green House resident a single story residence which is more home-like with a living room, dining room, and den for socialization. The object of the Green House® home is to de-institutionalize long term care by providing elders with a true home. The Green House® model is changing the long-term care model to a wellness environment of support for elders.
- b. Each resident will have a private bedroom with bath to enhance dignity and privacy. In addition, each Green House ®home will have a secured patio for residents and family members to enjoy.
- c. Residents are expected to maximize their functional capacity because of the small scale environment and freedom from institutional routines. Gathering spaces for elders will

enhance their activities of daily living such as the living room with a fire place and the dining room for meals and socialization. The Applicant's proposed project will help preserve current accessibility to nursing home services in the Applicant's service area of Shelby County. Applicant is increasing the size of the nursing home with 30 additional beds. If one considers the immediate 10-mile radius surrounding Applicant's proposed service area, the nursing home providers in the immediate area are running at an average annual occupancy of approximately 89.2% as shown in the below chart.

<b>Name of Home</b>	<b>Distance from Applicant's Home</b>	<b>Occupancy Rate<sup>1</sup></b>
Applingwood Health Care	4.5 miles	92%
Grace Healthcare	8 miles	67%
Kings Daughters and Sons	4 miles	93%
Rainbow Rehab	4 miles	97%
Spring Gate Rehab	6 miles	97%

- d. Applicant's proposed project will have no adverse effect in the service area. Accessibility and availability will not be a negative factor for this project to move forward. The one facility with the lowest occupancy is the one further away from the applicant. We believe it may encourage other long term care facilities to examine their current care practices and change their culture to accommodate elders in a more residential model such as the Green House<sup>®</sup> model. Affordability will not be a negative issue for this proposal due to the fact that this Applicant as well as the other facilities in the service area remain substantially occupied.
- e. "Service area" is defined with respect to nursing homes on pg. 11 in the Guidelines for Growth as the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility. Of the Applicant's 75 current residents, 68 resided in or originated in Shelby County and lived within 30 minutes of the facility. Moreover, of the 255 people on the wait list, 230 live in or reside in Shelby County. In fact, Bartlett, Tennessee is in the geographic center of Shelby County and a

majority of the zip codes in Shelby County are within 30 minutes travel time from Bartlett re, this proposal is reasonable.

- f. Under the document, Tennessee's Health: Guidelines for Growth, Criteria and Standards, Edition 2000, the Applicant has provided plans for the costs of the replacement of the west wing with 3 – 12 bed Green House ® Homes and the addition of 3 – 10 bed Green House ® Homes. Applicant believes there will be demand for high quality health care such as the Green House ® Homes as population trends for seniors will increase. According to the U. S. Census Bureau, between 2010 and 2050, the United States is projected to experience rapid growth in its older population. In 2050, the number of Americans aged 65 and older is projected to be 88.5 million, more than double its projected population of 40.2 million in 2010. The baby boomers are largely responsible for this increase in the older population, as they have begun crossing into this category in 2011. Also, please note the Chart in the response to questions 10. (See Attachment from the U.S. Census Bureau).

10. Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare and demographic information from the U. S. Census Bureau, please complete the following table and include data for each county in your proposed service area.

Response:

Variable	Shelby County	Tennessee
Current Year (CY), Age 65+ (2010)	95,224	853,462
Projected Year (PY) Age 65+ (2012)	101,602	916,786
Age 65+, % Change	1.07%	1.07%
Age 65+, % Total (PY)	10.8%	14.20%
CY, Total Population (2010)	927,644	6,346,105
PY, Total Population (2012)	940,764	6,456,243
Total Pop. % Change	1.4%	1.7%
TennCare Enrollees	228,187	1,198,663
TennCare Enrollees as a % of Total Pop.	4.12%	5.4%
Median Age	34.6	38
Median Household Income (07-11)	\$46,102	\$43,989
Population % Below Poverty Level (07 – 11)	20.1%	16.9%

11. Section C. (Need) Item 5.

Your response is noted. Please complete the following tables:

Source: Nursing Home JAR, 2012

December 23, 2013

9:43am

Facility	Licensed Beds	Beds-Medicare-certified	Beds-Dually certified	Beds-Medicaid-certified	Licensed Only Beds Non-certified	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	Non-SNF ADC	Total ADC
Allen Morgan	104	24	0	0	80	19	0	0	69	88
Allenbrooke	180	0	180	0	0	15	14	4	140	173
Applingwood	78	0	78	0	0	18	0	0	55	73
Ashton Place	211	0	211	0	0	22	26	0	140	188
Ave Maria	75	0	75	0	0	9	0	0	58	67
Bapt Hosp SNF	35	35	0	0	0	29	0	0	0	29
Baptist Rehab	35	35	0	0	0	15	0	0	0	15
Bright Glade	77	0	77	0	0	14	1	0	56	71
Court Manor / Harbor View	120	0	120	0	0	19	0	0	81	100
Dove Health	114	0	114	0	0	16	7	0	75	98
Grace Healthcare	284	0	284	0	0	18	30	4	151	203
Graceland	240	120	0	120	0	14	40	0	154	208
The Highlands	180	0	180	0	0	21	12	0	132	164
Kings Daughters Sons	108	0	108	0	0	16	8	3	79	106
Kirby Pines	120	30	0	0	90	23	0	4	90	117
Mem Jewish Home	160	0	160	0	0	29	1	28	60	118
Methodist SNF	44	44	0	0	0	15	0	3	0	18
MidSouth Health	155	0	155	0	0	15	6	0	114	135
Millington Health	85	19	66	0	0	20	1	1	57	79
Parkway Health	120	0	120	0	0	24	17	0	74	115
Poplar Point Health	169	0	54	115	0	24	115	1	0	140
Primacy Healthcare	120	120	0	0	0	53	0	6	29	88
Quality Care	48	0	48	0	0	0	0	0	34	34
Quince Nursing	188	0	188	0	0	28	13	5	135	181
Rainbow Health	115	0	115	0	0	26	4	0	79	109
Signature of Memphis	140	0	140	0	0	24	2	0	109	135
Signature at St Francis	197	84	113	0	0	51	9	14	94	169
Signature at St Peter	180	0	120	60	0	26	17	10	113	166
Spring Gate	233	0	143	90	0	22	20	15	158	215
Village at Germantown	30	30	0	0	0	21	0	0	5	26
Whitehaven Community	92	0	92	0	0	11	4	0	64	79
<b>Total</b>	<b>4037</b>	<b>541</b>	<b>2941</b>	<b>385</b>	<b>170</b>	<b>657</b>	<b>347</b>	<b>98</b>	<b>2405</b>	<b>3507</b>

Shelby County Nursing Home Utilization Trends 2010-2012

Ave Maria Home  
Application for Certificate of Need

Facility	Licensed Beds	2010 Patient Days	2011 Patient Days	2012 Patient Days	'10-'12 % change	2010% Occupancy	2011% Occupancy	2012% Occupancy
Allen Morgan	104	29053	27178	32094	10%	78%	79%	85%
Allenbrooke	180	61632	62846	62784	2%	94%	95%	93%
Applingwood	78	27076	24486	26651	-1.5%	94%	92%	92%
Ashton Place	211	72619	65464	68410	-5.8%	92%	87%	
Ave Maria	75	26796	25652	24507	-9%	95%	89%	92%
Bapt Hosp SNF	35	10378	10590	10561	2%	77%	*	*
Baptist Rehab	35	324	5123	5423	1574%	74%	*	*
Bright Glade	77	25709	25451	25867	.6%	83%	79%	84%
Court Manor / Harbor View	120	23637	34815	36457	54%	68%	82%	92%
Dove Health	114	27733	34996	35754	29%	82%	88%	85%
Grace Healthcare	284	86103	74167	74167	-14%	76%	67%	67%
Graceland	240	82117	76445	75843	-8%	94%	86%	83%
The Highlands	180	53561	55265	60143	12%	99%	88%	91%
Kings Daughters Sons	108	38768	37908	38653	-.3%	99%	97%	91%
Kirby Pines	120	40578	42160	42722	5%	93%	98%	*
Mem Jewish Home	160	48726	44394	42920	-12%	76%	75%	64%
Methodist SNF	44	5472	5370	6623	21%	34%	39%	34%
MidSouth Health	155	17147	29172	49201	187%	92%	*	92%
Millington Health	85	29170	28410	28917	-.9%	93%	91%	91%
Parkway Health	120	36359	42549	42102	16%	95%	98%	92%
Poplar Point Health	169	53543	47604	51074	-5%	85%	73%	91%
Primacy Healthcare	120	41826	31637	32196	-23%	78%	70%	63%
Quality Care	48	13026	12244	12535	-4%	73%	73%	67%
Quince Nursing	188	65719	66343	65776	.09%	100%	97%	94%
Rainbow Health	115	38767	39763	39641	2%	94%	97%	93%
Signature of Memphis	140	49005	48440	49467	1%	97%	94%	93%
Signature at St Francis	197	72715	62807	61821	-15%	90%	88%	83%
Signature at St Peter	180	56578	54445	60560	7%	90%	96%	91%
Spring Gate	233	73826	78591	78439	6%	95%	92%	77%
Village at Germantown	30	10002	9371	9462	-5%	67%	97%	87%
Whitehaven Community	92	30136	30268	28888	-4%	94%	85%	80%



## Service Area Patient Accommodation Mix-2012 JAR

Facility	Licensed Beds	Total Private Beds	Total Semi-Private Beds	Total Companion Beds	Ward Beds
Allen Morgan	104	82	22		
Allenbrooke	180	12	168		
Applingwood	78	4	74		
Ashton Place	211	55	156		
Ave Maria	75	43	32		
Bapt Hosp SNF	35	33	2		
Baptist Rehab	35		18		
Bright Glade	77	13	64		
Court Manor / Harbor View	120	120			
Dove Health	114		90		24
Grace Healthcare	284	8	276		
Graceland	240	2	238		
The Highlands	180	8	88		84
Kings Daughters Sons	108	108			
Kirby Pines	120	42	78		
Mem Jewish Home	160	112	48		
Methodist SNF	44	20			
MidSouth Health	155	1	78		
Millington Health	85	21	64		
Parkway Health	120		120		
Poplar Point Health	169	55	114		
Primacy Healthcare	120	4	116		
Quality Care	48		40		8
Quince Nursing	188	42	146		
Rainbow Health	115	9	106		
Signature of Memphis	140	40	100		
Signature at St Francis	197	26	171		
Signature at St Peter	180	6	174		
Spring Gate	233	15	218		
Village at Germantown	30	30			
Whitchaven Community	92	2	80		10
<b>Totals</b>	<b>4037</b>	<b>913</b>	<b>2880</b>		<b>126</b>

12. Section C. (Need) Item 6.

Ave Maria Home

Application for Certificate of Need

Your response to this item is noted.

Please complete the following tables:

Ave Maria Home (Proposed 30 beds) – Projected Utilization

Year	Licensed Bed	*Medicare – Certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	30	30	8	0	0	1	9	30%
2	30	30	21	0	0	2	23	77%

Ave Maria Home (105 Bed Facility) – Projected Utilization

Year	Licensed Bed	*Medicare – Certified beds	SNF Medicare ADC	SNF Medicaid ADC	SNF All other Payors ADC	Non-Skilled ADC	Total ADC	Licensed Occupancy %
1	105	105	14	28	40	1	83	79%
2	105	105	27	28	40	2	97	92%

Has the applicant been in contact with area hospital discharge planners to determine if there is an existing demand for additional skilled nursing beds?

Yes, the Applicant continues to be in high demand and discharge planners get frustrated when they are unable to admit someone to Ave Maria because there are never any openings.

### 13. Section C. (Economic Feasibility) Item 1. (Project Cost Chart)

The letter dated November 13, 2013 from Grace Construction Company, Inc. is noted. However, please provide documentation from a licensed construction industry professional (i.e., architect, builder, engineer) describing the project and his/her estimate of the cost to construct the project to provide a physical environment, according to applicable federal, state, and local construction codes, standards, specifications, and requirements, including the 2010 AIA Guidelines for Design and Construction of Healthcare Facilities.

Please clarify if there are site acquisition costs that should be included in the Project Costs Chart.

Please itemize line A.7, Moveable Equipment, in the amount of \$350,000.

The CON filing fee of \$18,000 is noted. However, it appears the applicant overpaid the filing fee by \$40.00. A check in the amount of \$40.00 will be sent to the applicant.

Response:

Ave Maria Home  
Application for Certificate of Need

Attachment 6 is a letter from the architectural firm.

There are no costs for site acquisitions as the sites have already been purchased.

Line A. 7, Moveable Equipment, is itemized as follows:

Computer Equipment	\$40,000.00
Computer Software	51,000.00
Furniture	213,000.00
Kitchen equipment	24,000.00
Appliances	15,000.00
Security System	7,000.00

We look forward to receiving a check in the amount of \$40.00.

#### 14. Section C. (Economic Feasibility) Item 2 Funding

- A) The applicant notes short term financing may be used to cover construction while donations are used. Please provide a letter from a bank that identifies the expected amount of the loan, interest rate, term of the loan and any anticipate restrictions or conditions.
- B) It appears the applicant needs to raise an additional \$4,000,000 to fund this proposed project. Please be specific in the amount of funds that are still needed to be raised and what time targets are planned for raising the necessary monies for the project to proceed into construction?
- C) A \$2,000,000 donation from a local foundation is noted. However, please provide a letter from the mentioned private donor committing \$2,000,000 to the proposed project. In addition, please provide a letter from a financial institution verifying the availability of \$2,000,000 to fund the project from the private donor.
- D) Please provide a letter of from the mentioned private donor committing \$1,000,000 to the proposed project. In addition, please provide a letter from a financial institution verifying the availability of \$1,000,000 to fund the project from the private donor.
- E) Since a \$1,000,000 donation from the applicant's foundation is contemplated, please provide a letter from the foundation's chairman and/or chief executive officer indicating that it intends to provide a certain amount (the specific amount should be indicated) and that the foundation has the financial capacity to grant this funding to the applicant.

Response:

- A) A Letter from Suntrust Bank is attachment 7.
- B) The total cost of Ave Maria Home's project is estimated to be \$8 Million. The fundraising and construction timeline is divided into four phases:

The Preparation Phase	January 2011 – December 2011
The Quiet Phase	January 2012 – June 2014 (Groundbreaking August 2014)
The Public Phase	September 2014 – December 2016

Construction Completed

February 2016

Fundraising for this project began in January 2012 and will conclude in December 2016.

To date, Ave Maria Foundation has committed \$1 Million (a letter from the Board Chair was attached to the original CON request)

An anonymous Memphis family has committed \$1 Million;

We have a \$2 Million proposal pending to a local foundation. (A copy of the letter is attached)

Ave Maria Home has already raised \$951,548 from annual giving, special events and 319,000 from estate gifts.

Over the next three years, the remaining \$3 Million will be raised from Ave Maria Board members who have committed over \$524,000 in current pledges); from Special Events, family members and donors (\$1 Million); and from local and national corporations and foundations (\$1.5 Million).

C) A letter from the local Foundation is attachment 8.

D) The private donor and his family wish to remain anonymous, but will donate \$1 million.

E) The Letter from the Ave Maria Foundation was submitted with the original CON packet.

#### 15. Section C, Economic Feasibility, item 3

Your response to this item is noted. Please use the updated 2010-2012 Cost per Square Foot Table available on the HSDA website under "Applicant's Toolbox" in comparison to the cost per square foot for the proposed project.

Response:

According to the Cost per Square Foot Table on the HSDA website, the comparison cost is as follows: It appears the Green House Homes will cost approximately \$165 to \$175 per square foot, which is comparable to the data in the HSDA's website for nursing home construction. See attachment 9.

#### 16. Section C. (Economic Feasibility) Item 4 (Historical Data Chart)

Please specify unit of measure for Line A, in the Historical Data Chart for 2011, 2012 and 2013. Please include the requested revision and resubmit a Historical Data Chart.

Please verify the calculations for deductions from Gross Operating Revenue for Year 2011. If needed, please include any revisions on the historical data chart and resubmit.

Response:

See Attachment 10 for the specific unit of measure for Line A in the Historical Data Chart.

The calculations for deductions are verified as accurate.

## 17. Section C. (Economic Feasibility) Item 4 – Projected Data Chart

Your response is noted. It appears to provide data for the entire nursing home. Please provide a corrected Projected Data Chart for the proposed project only indicating the number of projected patient days for year one and year two following project completion.

In addition, please provide a projected data chart for the 12-bed Green House homes that will replace the West Wing and a projected data chart for the three new 10-bed Green House Homes.

Please recalculate the Schedule A on page 20B for the Year 2017. Please revise the Projected Data chart if needed.

Why are there no provisions for charity care in the Projected Data Chart?

Response:

See the Projected Data Chart, attachment 11 for the 30 additional beds.

See the Projected Data Chart, attachment 12 for the 3-12 bed Green House® Homes.

Provisions for Charity Care were made.

## 18. Section C. (Economic Feasibility) Item 5

Your response is noted. The average gross charge is merely a calculation of the projected Gross Operating Revenue in the Projected Data Chart provided by the projected patient days. The Average Deduction from the Operating Revenue is a calculation of the Deduction from the Operating Revenue in the Projected Data chart divided by the projected patient days. The average Net Charge is merely a calculation of the Projected Net Operating Revenue in the Projected Data Chart provided by the projected patient days. Please calculate and resubmit your response for Year One.

Response:

See Attachment 13.

## 19. Section C. (Economic Feasibility) Item 8

The applicant is projecting a positive cash position during the first three-12 bed greenhouse homes are open, and remain in a positive cash position each year thereafter. Please explain how this is possible while the applicant has not achieved positive net operating income from 2011 until present, and Projects Net losses in the Year 2017 and 2018.

Please explain why the applicant is including the additional 3-10 bed Green House Home in this proposed project (which will take up to three years to reach continual capacity) while there appears to be a current \$4,000,000 project funding shortfall and net losses in the Years 2017 and 2018? Would it be more economically feasible to submit a CON application for the 3-10 bed Green House Homes when the finances of the applicant improve?

The applicant states "if marketed correctly, the capacity (of the 3-10 Green House Homes) will be reached sooner which will make the project cash flow sooner than anticipated." Please clarify what is meant by "marketed corrected."

Response:

1. The nursing facility is one business segment of the total operation of the Ave Maria Home. A review of our Consolidated Statement does show the profitability of the facility. In addition, a review of the year 2018 with the addition of 30 skilled beds will show the nursing facility as profitable.
2. This is why the 30 additional beds are needed for the nursing facility. The Ave Maria Home has begun its campaign to raise funds and believes it will be successful as it was in the past. Also, Ave Maria Home's reputation is one of quality care to the residents of Shelby County. As of this writing, Applicant is at capacity of 75 residents and unable to serve the long term care needs of the community. The Applicant has been at 97% to capacity since the opening of the remaining Green House® Homes.
3. Once the Green House ® Homes are approved, marketing the facility as a quality health care provider with the latest state of the art facilities will give the consumers a clear choice for long term care. Based on our current 4 Green House ® Homes, demand and occupancy is exceeding availability. Applicant wants to deliver the highest quality of life for the disabled and elders of the community.

20. Section C. (Economic Feasibility) Item 9

Your response is noted. Please provide what percentage of the applicant's projected total gross revenues the applicant anticipates Medicaid and Medicare revenues to be.

The 2012 Ave Maria Provisional JAR indicates a majority of patients were private self-pay patients (53%). Please clarify if the current patient payor mix will change as a result of this project. If so, how will it change?

Response:

The Applicant believes that upon completion of the project, projected Medicare/Medicaid revenues to be 68% of the total revenues.

Medicare patients should increase once the project is completed. Presently, applicant is averaging approximately 8 – 10 Medicare patients per month.

21. Section C, Contribution to Orderly Development, Item 3.

The current staffing for the current 75 residents is noted. Please specify the anticipated additional FTEs and staffing pattern that will be needed for the additional 30 beds in Year One and Year Two.

Response:

The following is the anticipated staffing level for the 30 additional beds requested, knowing that one Green House Home at a time will be utilized until they are full.

## Year One

	Licensed Personnel	Nurse Aides (Shahbaz)
7-3	1 LPN	8
3-11	1 LPN	7
11-7	1 LPN	6

## Year 2

7-3	2 LPN	17
3-11	2 LPN	15
11-7	2 LPN	14

## 22. Project Completion Forecast Chart

Please provide the projected initial decision date on the Projected Completion forecast Chart and resubmit. The earliest date this project can be reviewed by the Agency is March 2013; does the applicant expect to have a construction contract signed to that date?

Response:

See Attachment 14.





# Fire—Dr. Red



## **Preliminary Implications from Early Hospitalization and Pressure Ulcer Data**

Sharkey, Hudak, Horn, and colleagues (2010)<sup>i</sup> collected data to examine differences in staffing utilization in Green House homes compared to traditional nursing homes. During the study, clinical outcome data were collected and analyzed to help frame future research. Resident acuity data were reviewed to assure comparability among sites. As the researchers analyzed the clinical data, several important trends emerged that provide insight into The Green House model's impact on hospitalization and pressure ulcer rates as well as costs. The information below reflects the results of additional analysis of these data by Sharkey and Horn and a preliminary cost analysis of these data by The Green House Project. Current research being conducted by a collaborative of research partners under Robert Wood Johnson Foundation funding will examine these areas further.

### *Data Collection*

Data presented below were collected at 14 Green House homes and 13 traditional comparison nursing home units (all long-term residents) between October 2008 and March 2009. Seven comparison units were co-located with The Green House homes and operated by the same organization ("co-located" comparison units). Six comparison units were in the same community but not operated by the same organization ("community" comparison units). Comparison units were selected to reflect typical traditional nursing home models with populations comparable to The Green House homes.

### *Pressure Ulcers*

A preliminary analysis of the pressure ulcer data collected during the course of the study found that there was a statistically significant difference between Green House homes, co-located units, and community comparison units regarding prevalence of in-house acquired pressure ulcers. The Green House home rate (0%) was significantly less ( $p=0.0008$ ) than the rates for co-located units (2.8%) and community comparison units (4.2%).

*Implications:* Since the preliminary data represent prevalence of pressure ulcers (i.e., a snapshot of the census at the time of the on-site visit), we make some assumptions to illustrate implications for incidence (i.e., number of ulcers developed in a year). Sixty-five percent of pressure ulcers (Stage 1-4) close within 90-days.<sup>ii</sup> As such, 65% percent of the in-house acquired pressure ulcers may reasonably be assumed to be new each quarter. For a 100-bed traditional nursing home, this would mean that 65% or 1.82 of the 2.8 and 2.73 of the 4.2 in-house acquired pressure ulcers reported are likely new pressure ulcers each quarter.

The average treatment cost for a Stage 2 pressure ulcer is \$7,170<sup>iii</sup> in FY 05\* dollars not including hospitalizations. For a 100-bed nursing home, the cost savings associated with avoiding 1.82 to 2.73 Stage 2 pressure ulcers each quarter (using a conservative assumption that all were Stage 2) would total \$13,049 to \$19,574. On a per capita basis, the savings would equal \$130 to \$196 per resident per quarter or **\$522 to \$783 per resident per year.**

### *Hospitalizations*

A preliminary analysis of the hospitalization data collected during the course of the study, while not statistically significant (largely due to the small sample size), suggests that:

1. Green House home hospitalization rates ranged from 4.3% to 11.8% during the 15-month study period
2. Green House home hospitalization rates were 25% to 51% lower than those in the co-located traditional units.

*Implications:* In a 12-month period, the Green House homes hospitalization rate (9.1%) was 6.3% less than the co-located traditional unit rate (15.4%). For 100 elders in Green House homes, this equates to 6.3 fewer hospitalizations per year. Using a conservative estimate of the average Medicare payment for a hospitalization of \$5,000,<sup>iv</sup> the estimated cost savings is **\$315 per elder per year**.

Approximately one in six nursing home residents (17%) are hospitalized within any given six-month period.<sup>v</sup> While Green House home rates are 54% less than this national average, it is important to note that Green House home rates include only long term residents. This will be studied further in upcoming studies.

### *Potential Combined Savings*

Soon to be published research indicates that Green House homes cost no more to operate than good quality nursing homes. If operating costs are not increased, conservative estimates of net saving from avoided hospitalization and pressure ulcers for elders in Green House homes would range from approximately \$837 (\$522 + \$315) to \$1,098 (\$783 + \$315) per nursing home resident per year. **If these savings could be achieved for the 1.5M people living in nursing home long-term units, savings would range from \$1.26B to \$1.65B.** On-going review and research will refine these findings and assumptions.

---

<sup>i</sup> Sharkey, S., Hudak, S., Horn, S. et al (2010). Frontline Caregiver Daily Practices: A Comparison Study of Traditional Nursing Homes and The Green House Project Sites. *Journal of the American Geriatrics Society*, 59, 126-131

<sup>ii</sup> ISIS/ICOR – Pressure Ulcer database findings per Horn and Sharkey 6-8-11

<sup>iii</sup> Bennett G, Dealey C, Posnett J. The cost of pressure ulcers in the UK. *Age and Ageing* 2004;33(3):230-235.

<sup>iv</sup> Ouslander et al. Interventions to reduce hospitalizations from nursing homes: Evaluation of INTERACT II Collaborative Quality Improvement Project. *JAGS*, 2011

\* Note that FY 05 dollars have not been adjusted for inflation.

<sup>v</sup> Intrator OG, Grabowski DC, Zinn J, et al. Hospitalization of nursing home residents: The effects of states' Medicaid payment and bed-hold policies. *Health Serv Res* 2007;42:1651-1671

# What Informal

## Caregivers

### Think About

152

# THE GREEN

## HOUSE Project

Results from Interviews,  
 Focus Groups and Survey

### Top Concerns About Nursing Care

Informal caregivers surveyed are most concerned about:

- ▶ Lack of individualized attention (83%)
- ▶ Isolation and loneliness (82%)
- ▶ Institutional atmosphere that is not as comfortable as home (82%)
- ▶ Loss of independence (80%)
- ▶ Lower on the list of reported concerns are cost and convenience

Q19: When you think about your elder getting long-term care in a facility like a nursing home, how concerned are you that you might encounter each of the following problems? Percentages are a combination of *very/somewhat* concerned

### The Green House Model Compared to Other Options

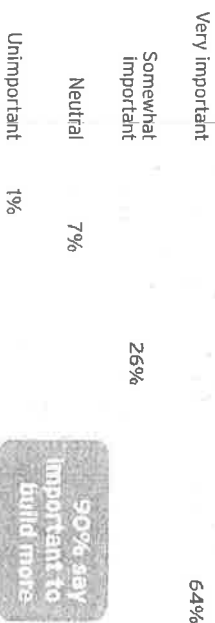
Informal caregivers with elders currently in long-term care believe The Green House model is "a lot better" than:

- ▶ In-home care (68%)
- ▶ Live-in facility (60%)
- ▶ Adult day care (61%)

Q24: Does this seem better or worse than the long-term nursing option that your elder has today?

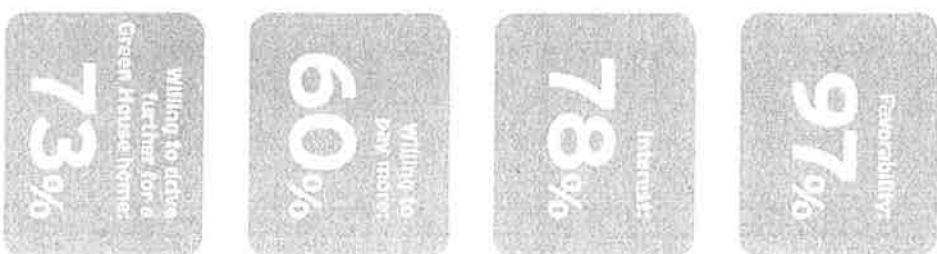
### Caregivers Want More Green House Homes

- ▶ 9 in 10 informal caregivers surveyed say it is important for local providers to build more Green House homes in their area.



How important is it for local providers in your area to build more Green House homes?

### Response to The Green House Model Overwhelmingly Positive



**Top Green House Model Features**

All residents have a private room with a private bath	80%
Elders' schedules are set according to their personal preferences and medical needs	75%
The facility has a long-term track record caring for the elderly	75%
The facility is "certified" by an outside organization to meet and maintain certain standards (must have key features like small size, home layout, staff ratio, and advanced training)	75%
Staff are Certified Nursing Assistants (CNAs) with 128 additional hours of specialized training	74%
Staff's multi-faceted role allows them to develop close relationships with the residents living in the home	74%
Activities are designed around elders' interests, and input from family is welcome	74%
The facility is designed like a real home with a great room that includes a living area, fireplace, open kitchen, and dining area with a large family table	73%
The facility costs less than other long-term nursing care options in your community	71%
The facility is located near your home so you can easily visit	71%
1-3 staff plus 1 nurse per shift for 6-12 elders	70%
Residents are encouraged to bring furniture and/or personal items from home	70%
The facility offers a completely new approach to thinking about and delivering long-term care	69%
Cost is comparable to a private room in other local nursing homes	69%
All elders in need of long-term nursing care are eligible to live at the facility, regardless of medical condition	68%
Residents can eat together at a family table if they choose	63%
All meals are prepared by the staff in each home's open kitchen	61%
Only 6 to 12 residents per house	60%

Q26: Below are different features that Green House homes and other nursing homes may have. How important is each to you when you think about choosing long-term nursing care for your elder?

**Top Green House Model Features**

- ▶ Large majorities believe all Green House home features are important.
- ▶ Top features reflect key caregiver concerns – comfort, independence, and well-trained staff attentive to their elder's individualized needs.
- ▶ Caregivers want a facility with a positive track record and certification.
- ▶ The features above are slightly more important than cost and convenience.

Q26: Below are different features that Green House homes and other nursing homes may have. How important is each to you when you think about choosing long-term nursing care for your elder?



**Informal Caregiver Survey**

- ▶ 1,065 caregivers completed the online survey
- ▶ Drawn from a national online panel of adults (18+), then screened to meet the following criteria for "caregivers":
  - ▶ Responsible for the well-being of an elderly relative or friend;
  - ▶ Either have been a decision-maker in choosing long-term nursing care for their elder; or
  - ▶ Will be a decision-maker about long-term nursing care for their elder in the future.
- ▶ Survey fielded April 17-23, 2012

• Sample Details: 72,500 adults were invited to take the survey and a total of 6,417 (8.9%) accessed the survey. 1,068 completed the survey (103 were disqualified for "speeding" through). 4,549 were terminated in the screening process, and 308 started but did not complete the survey.





Attachment 6  
**SUPPLEMENTAL- # 1**  
**December 23, 2013**  
**9:43am**

December 19, 2013

Mr. Frank Gattuso  
Ave Maria Home  
2805 Charles Bryan Road  
Bartlett, TN 38134

Dear Frank –

The six greenhouses requested in your most recent Certificate of Need application will consist of 3, ten occupant residences and 3, twelve occupant residences. The green houses are approximately 7,500 s.f. each and are sprinklered, wood framed structures with a brick veneer exterior and shingled roofs. Each greenhouse contains an entry foyer and an office along with bedrooms, a den, a hearth/living room, kitchen and dining area and separate clean linen supply and soiled laundry/utility room. The exterior commons provide a screened in porch as well as an open air patio. A therapy garden is also planned for the project. Our design will meet all federal, state and local codes, standards, specifications and requirements including the 2010 AIA Guidelines for Design and Construction of Healthcare Facilities.

After review of Grace Construction's budget and referencing past and current projects for pricing, we concur that \$8,000,000 is an adequate assumption for the cost of construction at this point of design and planning.

If there is additional information required, please do not hesitate to contact us.

Respectfully,

FLEMING ASSOCIATES ARCHITECTS, P.C.

A handwritten signature in black ink, appearing to read "Steven Landwehr", written over a horizontal line.

Steven Landwehr, AIA  
Architect



155

Jean Morton  
Senior Vice-President

SunTrust Bank  
999 S. Shady Grove Road  
Suite 202  
Memphis, TN 38120

Attachment 7  
**SUPPLEMENTAL- # 1**  
**December 23, 2013**  
**9:43am**

December 19, 2013

**CONFIDENTIAL**

Mr. Frank Gattuso  
Ave Maria Home, Inc.  
2795 Charles Bryan Road  
Bartlett TN 38134

State of Tennessee Health Services and Developmental Agency  
Andrew Jackson State Office Building  
9th Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Proposed Construction Financing to Ave Maria Home, Inc.

Ladies and Gentlemen:

At the request of Ave Maria Home, Inc. (the "Company"), SunTrust Bank (the "Bank") is pleased to provide the following outline of certain proposed material terms of a potential construction/term loan in the principal amount of up to \$4,000,000 to the Company. The following **proposed Summary of Terms** is intended as an outline of certain proposed material terms of the Facility and does not purport to describe all of the terms and conditions, representations and warranties, covenants and other provisions that could be contained in the definitive loan documentation relating to the Facility.

<b>Borrower:</b>	Ave Maria Home, Inc. (the "Borrower")
<b>Lender:</b>	SunTrust Bank (the "Bank")
<b>Guarantor(s):</b>	Ave Maria Foundation of Memphis, Inc.
<b>Facility:</b>	A construction loan for a period of up to eighteen months, followed by a term period of up to five years (the "Term Loan")
<b>Loan Amount:</b>	Up to the lesser of (i) \$4,000,000 (ii) 80% of the appraised value of the Property and Improvements (assuming completion thereof in accordance with the terms hereof), as determined by an appraisal or other valuation acceptable to Bank in its sole discretion, or (iii) 80% of the actual cost of acquisition of the Property and construction of the Improvements, as determined by a construction budget and other documentation acceptable to Bank in its sole discretion.

<b>Purpose:</b>	The proceeds of the financing shall be utilized to fund the construction of improvements and renovations to the facility located on Charles Bryan Road, Bartlett, TN 38134. The proceeds will be disbursed on a draw basis during the construction phase (such draw basis more fully described herein).
<b>Interest Rate:</b>	To be determined.
<b>Repayments:</b>	Borrower shall make monthly payments of interest until maturity. At the conclusion of construction or eighteen (18) months after closing, whichever comes first, quarterly principal payments will be made in March, June, September, and December of each year in an amount sufficient to fully amortize the debt over 20 years.
<b>Collateral:</b>	First Lien Deed of Trust on the property and improvements to be constructed.
<b>Financial Covenants:</b>	To be determined.
<b>Representations and Warranties:</b>	Usual and customary for the Bank in transactions of this type
<b>Affirmative Covenants:</b>	Usual and customary for Bank in transactions of this type
<b>Negative Covenants:</b>	Usual and customary of Bank in transactions of this type
<b>Events of Default:</b>	Usual and customary for Bank in transactions of this type
<b>Conditions Precedent:</b>	Usual and customary for Bank in transactions of this type, including but not limited to all of Bank's usual and customary procedures for supervision, management and related funding of commercial construction projects of the proposed project's size and type, at Banks sole discretion.
<b>Governing Law and Jurisdiction:</b>	State of Tennessee

This Proposal Letter is merely an expression of interest by the Bank in the proposed Facility and should not be construed to be, expressly or by implication, a commitment, an offer, an agreement in principle or an agreement by the Bank to provide the proposed Facility. This Proposal Letter is not intended to, and shall not, create a legally binding obligation on the part of the Bank or the Company. After the Bank has conducted further due diligence, we may decide to modify the proposed terms and conditions, or we may decide not to provide the proposed Facility or any other financing at all.

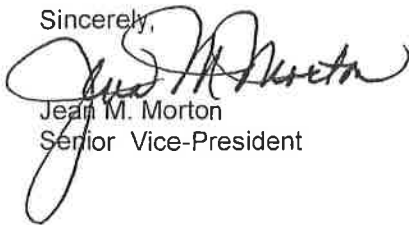


**December 23, 2013****9:43am**

This Proposal Letter is for the confidential use of the Company and the State of Tennessee solely in connection with Ave Maria Home, Inc.'s application for a Certificate of Need for the construction of assisted living housing and is sent to you on the condition that neither the existence of this Proposal Letter nor its contents will be disclosed publicly or privately to any person or entity, except to those of the Company's and the State of Tennessee's officers, employees, agents, counsel or accountants directly involved with the Certificate of Need and this proposed financing and then only on the basis that it not be further disclosed. Without limiting the generality of the foregoing, none of such persons shall use or refer to the Bank or any of its affiliates in any disclosure made in connection with the Certificate of Need or the proposed transaction without the Bank's prior written consent.

Should you have any questions, please do not hesitate to call me at (901) 415-7086.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean M. Morton". The signature is fluid and cursive, with the first name "Jean" being particularly prominent.

Jean M. Morton  
Senior Vice-President



**THE ASSISI FOUNDATION**  
OF MEMPHIS, INC.

---

December 17, 2013

Phillip M. Earhart  
Health services Development Examiner  
State of Tennessee  
Health Services and Development Agency  
Andrew Jackson State Office Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN. 37243

Re: Ave Maria  
Certificate of Need Application CN1312-048

Mr. Earhart,

The Assisi Foundation of Memphis, Inc. has had a longstanding relationship with Ave Maria including a prior \$1,000,000 investment. An application for a \$2,000,000 grant is currently under review. No decision has yet been made to fund the program in full, or in part, however, Board members had hoped to know the status of Ave Maria's certificate of need application prior to making a decision.

Respectfully,

  
Jan Young  
Executive Director

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**Ambulatory Surgical Treatment Center Construction Cost Per Square Foot**

**SUPPLEMENTAL- # 1**

**December 23, 2013**

**9:43am**

**Years: 2010 – 2012**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$50.00/sq ft	\$200.00/sq ft	\$78.42/sq ft
<b>Median</b>	\$100.47/sq ft	\$252.74/sq ft	\$166.28/sq ft
<b>3<sup>rd</sup> Quartile</b>	\$166.28/sq ft	\$292.61/sq ft	\$244.26/sq ft

*Source: CON approved applications for years 2010 through 2012*

**Hospital Construction Cost Per Square Foot**

**Years: 2010 – 2012**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$99.12/sq ft	\$234.64/sq ft	\$167.99/sq ft
<b>Median</b>	\$177.60/sq ft	\$259.66/sq ft	\$235.00/sq ft
<b>3<sup>rd</sup> Quartile</b>	\$249.00/sq ft	\$307.80/sq ft	\$274.63/sq ft

*Source: CON approved applications for years 2010 through 2012*

**Nursing Home Construction Cost Per Square Foot**

**Years: 2010 – 2012**

	<b>Renovated Construction</b>	<b>New Construction</b>	<b>Total Construction</b>
<b>1<sup>st</sup> Quartile</b>	\$19.30/sq ft	\$164.57/sq ft	\$73.23/sq ft
<b>Median</b>	\$35.76/sq ft	\$167.31/sq ft	\$164.57/sq ft
<b>3<sup>rd</sup> Quartile</b>	\$55.00/sq ft	\$181.72/sq ft	\$167.61/sq ft

*Source: CON approved applications for years 2010 through 2012*

**Outpatient Diagnostic Center Construction Cost Per Square Foot**

**Years: 2010 – 2012**

*Due to insufficient sample size, Construction ranges are not available.*

160  
AFFIDAVIT

SUPPLEMENTAL- # 1

December 23, 2013

9:43am

DEC 23 '13 AM 9:35

STATE OF Tennessee  
COUNTY OF Shelby

FRANK J. GATTUSO, JR., being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Frank J. Gattuso, Jr., Executive Director  
SIGNATURE/TITLE

Sworn to and subscribed before me this 20<sup>TH</sup> day of DECEMBER, 2013 a Notary  
(Month) (Year)

Public in and for the County/State of Tennessee.

J. Martin Regan, Jr.  
NOTARY PUBLIC

My commission expires March 23, 2016  
(Month/Day) (Year)



My Commission Expires 03/23/2016

# **SUPPLEMENTAL - #2**

## **-COPY-**

Ave Maria

**CN1312-048**

1. Section B, Project Description, Item 1

How many of the existing 75 beds are in Green House Homes? Please describe the layout of the current facility.

How will the space currently housing the 35 beds, which will be replaced by the replacement Green House Homes, be utilized after project completion?

After completion of the proposed project will the facility's 105 beds all be within a Green House Home? How many Green House Homes will there be on the Ave Maria campus after the project completion? Please discuss.

Response:

40 of the 75 existing beds are currently 100% occupied by elders in 4 - Green House® Homes. The layout of the current facility is that 35 elders are residing in the west wing of the nursing home, the majority are in semi-private rooms with 2 private rooms.

Ave Maria Home anticipates developing low-income housing for elders and/or disabled individuals, (approximately 16 – 20 units) through the Choices program in the space currently housing 35 elders.

Ave Maria anticipates that after completion, the entire Ave Maria Nursing Home will be housed in Green House® Homes. There will be a total of approximately 10 Green House® Homes after project completion on the campus.

2. Section C. (Need) Item 1 State Health Plan

Please explain what a Shabaz is and discuss the Shabaz's role in the Green House® Home.

Response:

Each Shabaz is a universal worker. Each one must be a Certified Nurse Aide by the State of Tennessee. In addition to their training as a certified nurse aide, they receive an additional 120 hours of professional training to enhance their individual ability to work with elders some of whom have cognitive impairment and some of whom have physical impairment. Each Shabaz is trained to communicate successfully with elders who sometimes have difficulty expressing themselves. They become a self-managed work team in each Home. They excel in providing care, compassion and stimulation in a restorative health care setting.

3. Section C. (Need) Item 1

Your response to this item is noted. Please provide a separate response to each of the criteria and standards that follow.

**NURSING HOME SERVICES**

**January 7, 2014****10:05 AM**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1 – June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

A. Need

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned} \text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65} - 74, \text{ plus} \\ & .0600 \times \text{pop. 75} - 84, \text{ plus} \\ & .1500 \times \text{pop. 85, plus} \end{aligned}$$

Response: See the answer to #2 below.

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

Response: Based upon the projected population for Shelby County two years into the future, using the above formula, it appears to calculate a need of 5,170 nursing home beds for the applicant's service area of Shelby County. This is according to Tennessee's 2015 statistics.

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

Response: According to data from the State Health Statistics, there are currently 4,167 nursing home beds in Shelby County. Therefore, 1,003 beds are needed at this time.

4(2). "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

Response: A majority of the population of the Applicant's service area have resided within 30 minutes of the facility, which includes at least 12 zip codes, with the remainder of Shelby County being a secondary service area.

**January 7, 2014****10:05 AM**

5(3). The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

Response:

- a. Even if all proposed CON projects were licensed and in operation, this applicant's request would still be needed in the Applicant's service area since there are 1,003 beds needed at this time.
- b. The preponderance of nursing homes in the Applicants immediate service area as answered in question #2 under Contribution to the Orderly Development of Healthcare, occupancy rates within 6 miles of the Applicant are over 90% occupied.

**B. Occupancy and Size Standards:**

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

Response: The applicant states that the 35 replacement beds in conjunction with the 30 additional beds will be at least 92% occupied after two years of operation.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

Response: In 2012, Shelby County had twenty-seven (27) licensed nursing homes having a licensed capacity of fifty (50) beds or more. The occupancy rate for the whole group was 88.7%.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent the previous year.

Response: The Applicant consistently has an occupancy rate of 95% or higher under normal circumstances, ie over the last three years, the applicant was in the process of opening its present Green House homes and there was a period of time where applicant had five licensed beds out of service due to construction of its current Green House Homes.

4. A free standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the



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population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

Response: The proposed project is for the replacement of 35 beds and the addition of 30 (SNF) nursing home beds.

**CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT  
OF  
HEALTH CARE INSTITUTIONS**

1. For renovation or expansions of an existing licensed health care institution:
  - a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.
  - b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

Response: The applicant has demonstrated by its occupancy rate and current census (99%) occupied and with its waiting list of over 350 for long term care that the proposed project is in demand, along with the shortage of beds necessary in its service area. The applicant's west wing was built in 1970. Elders are wanting private rooms, baths and other amenities which cannot be afforded them in its current setting. Applicant has demonstrated that its continuum of care has become a compelling factor to contribute to the renovation and expansion of its facility.

4. Section C. (Need) Item 4.A.

Your response to this item is noted. Please submit a revised chart that uses Year 2014 as the Current Year and 2016 as the Projected Year.

Response:

Variable	Shelby County	Tennessee
Current Year (CY), Age 65+ (2014)	106,537	931,676
Projected Year (PY), Age 65+ (2016)	113,906	987,074
Age 65+, % Change	1.07%	.94%
Age 65+, % Total (PY)	8.6%	6.7%
CY, Total Population (2014)	963,097	6,470,546
PY, Total Population (2016)	976,726	6,575,165
Total Pop. % Change	1.01%	1.02%
TennCare Enrollees (Sept 2013)	228,187	1,198,663
TennCare Enrollees as a % of Total Pop.	4.2%	5.4%
Median Age	34	38

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Median Household Income (08-12)	\$46,251
Population % Below Poverty Level (08-12)	20.2%

\$44,140

17.3%

5. Section C. (Need) Item 5.

Please resubmit the chart titled Shelby County Nursing Home Utilization Trends 2010-2012 with a "TOTAL" row at the bottom of the chart. Please also note that there appears to be errors throughout the chart pertaining to the calculation of occupancy rates. Please also correct these occupancy rate errors.

There appear to be some errors in the Service Area Patient Accommodation Mix-2012 JAR chart, particularly in the Baptist Rehab row and the MidSouth Health row. Please make the necessary corrections and submit a revised chart.

Response:

Shelby County Nursing Home Utilization Trends 2010-2012

Facility	Licensed Beds	2010 Patient Days	2011 Patient Days	2012 Patient Days	'10-'12 % change	2010% Occupancy	2011% Occupancy	2012% Occupancy
Allen Morgan	104	29053	27178	32094	10%	76.5%	71.6%	84.5%
Allenbrooke	180	61632	62846	62784	2%	93.8%	95.7%	95.5%
Applingwood	78	27076	24486	26651	-1.5%	95.1%	86%	93.6%
Ashton Place	211	72619	65464	68410	-5.8%	94.3%	85%	88.8%
Ave Maria	75	26796	25652	24507	-9%	97.9%	93.7%	89.5%
Bapt Hosp SNF	35	10378	10590	10561	2%	81.2%	82.9%	82.6%
Baptist Rehab SNF	18	324	5123	5423	1574%	.05%	75.9%	82.5%
Bright Glade	77	25709	25451	25867	.6%	91.5%	90.6%	92%
Civic Health & Rehab/Americare	147	52472	52210	NR	Unable to calculate	60.6% (237 lic bed)	97.3% (147 lic beds)	Closed NR
Court Manor / Harbor View	120	23637	34815	36457	54%	54%	79.5%	83.2%
Dove Health	114	27733	34996	35754	29%	66.6%	84.1%	85.9%
Grace Healthcare	284	86103	74167	74167	-14%	83.1%	71.5%	71.5%
Graceland	240	82117	76445	75843	-8%	93.7%	87.3%	86.5%
The Highlands	180	53561	55265	60143	12%	81.5%	84.1%	91.5%
Kings Daughters Sons	108	38768	37908	38653	-.3%	98.3%	96.2%	98%
Kirby Pines	120	40578	42160	42722	5%	92.6%	96.3%	97.5%
Mem Jewish Home	160	48726	44394	42920	-12%	83.4%	76%	73.4%
Methodist SNF	44	5472	5370	6623	21%	34.1%	33.4%	41.2%
MidSouth Health	155	17147	29172	49201	187%	30.3%	51.6%	86.9%
Millington Health	85	29170	28410	28917	-.9%	94%	91.6%	93.2%
Parkway Health	120	36359	42549	42102	16%	83%	97.1%	96.1%
Poplar Point Health	169	53543	47604	51074	-5%	86.8%	77.2%	82.7%
Primacy Healthcare	120	41826	31637	32196	-23%	95.5%	72.2%	73.5%
Quality Care	48	13026	12244	12535	-4%	74.3%	69.9%	71.5%
Quince Nursing	188	65719	66343	65776	.09%	95.8%	96.7%	95.8%
Rainbow Health	115	38767	39763	39641	2%	92.4%	94.7%	94.4%
Signature of Memphis	140	49005	48440	49467	1%	95.9%	94.8%	96.8%
Signature at St Francis	197	72715	62807	61821	-15%	101.1%	87.3%	85.9%
Signature at St Peter	180	56578	54445	60560	7%	86.1%	82.9%	92.1%
Spring Gate	233	73826	78591	78439	6%	86.8%	92.4%	92.2%
Village at Germantown	30	10002	9371	9462	-5%	91.3%	85.6%	86.4%
Whitehaven Community	92	30136	30268	28888	-4%	89.7%	90.2%	86%
Total	4020 ('12)	1300573	1286164	1279658	2.53%	83.7%	84.6%	87.2%

Source: Nursing Home JAR, 2010-2011, 2012 (provisional)

Notes: "NR" refers to no JAR on file for the designated year.

2010 Total Licensed Bed Inventory = 4257 (includes 237 licensed beds for Americare/ Civic)

2011 Total Licensed Bed Inventory = 4167 (includes 147 licensed beds for Americare / Civic)

2012 Total Licensed Bed Inventory = 4020 (reflects closure of Civic Health and removal of 147 beds)

Ave Maria Home

Application for Certificate of Need

6. Section C. (Economic Feasibility) Item 2 Funding

Please note that all information filed as part of a CON application is public information so that the Agency cannot honor the terms of confidentiality expressed by the Bank's Vice-President.

If that will be a problem for the applicant or the bank, please submit a replacement letter that all parties are comfortable being released as public information. If a revised letter is presented it would be helpful to include an estimated interest rate with the understanding that it is subject to change and the expected term of the loan.

It appears the funds raised that are assured to date are \$2 million. It appears that the \$2 million grant from the Assisi Foundation has not yet been approved. If this grant were ultimately not approved, what is the applicant's contingency plan for this \$2 million?

Response: The Applicant and the bank are comfortable with the document as presented. The bank does not want to give an interest rate at this time.

If for some reason the grant from the Assisi Foundation is not approved, the Applicant believes that it will be, the Applicant knows that it has other sources and Foundations in which it can solicit and receive funds. The Fundraising Campaign is in progress and as reported, is successful.

7. Section C. (Economic Feasibility) Item 4 – Projected Data Chart

For the 3-10 bed Green House Projected Data Chart, there appears to be a calculation error in the Year 2018 column. Please submit a corrected Chart.

For the 3-12 bed Green House Chart, there is no revenue reported. Please explain.

Response: The Projected Data Chart is being re-submitted as attachment #1.

There will be no additional revenue other than what was already reported previously.

8. Section C. (Economic Feasibility) Item 9

Your response to this item is noted. Please provide a breakout of the 68% Medicare/Medicaid revenue into a percentage for Medicare and a percentage for Medicaid.

What does the applicant forecast for private self-pay patient percentage of revenue?

Response:

Ave Maria Home  
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Projected total billings 2018

% of  
total

	Resident Days in 2018	Projected Rate	Projected Billings 2018	
Hospice	238	185.67	44,189	0%
Medicaid	8,919	185.67	1,655,991	15%
Medicare	11,618	495.00	5,750,910	53%
Medicare - Part B	0		0	
Private Pay	14,191	246.00	3,490,986	32%
Medicaid Rebate	0			
Other	0			
Total	34,966		10,942,076	100%

## 9. Section C, Contribution to the Orderly Development, Item 3.

Will nursing staff be assigned to more than one Green House Home or will staff rotate among the various Green House Homes?

Does the applicant expect that the third new Green House Home will be occupied by the second year of operation?

Response: The licensed nursing staff is assigned to more than one Home, normally one nurse per two Homes.

Yes, the applicant expects to have the third new Green House Home occupied by the second year of operation.

## 10. Project completion forecast Chart

The applicant projects that the project will be completed in August 2015; however, the first year of the Projected Data Chart is not until 2017. Please explain.

Response: The applicant is unsure of the exact timing of completion being the project has not been approved. The Projected Data Chart is for our fiscal year beginning July, 2016 – June 2017. We are allowing for several months of delays as is customary from past experiences. Not many could have predicted the financial collapse of 2007 – 2009 which delayed our Green House

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Homes for over a year before from being completed within the 'allotted Chart time" vs. actual construction time where we finished 3 Green House Homes in September 2011 and our final Green House home in April 2012.

**January 7, 2014****10:05 AM****AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF SHELBYNAME OF FACILITY: Ave Maria Home

I, FRANK J. GATLORD, JR., after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Frank J. Gatlord, Jr.  
Signature/Title Executive Director

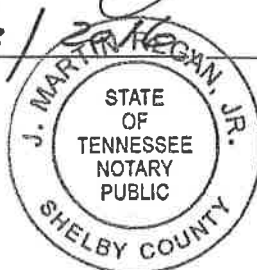
Sworn to and subscribed before me, a Notary Public, this the 6<sup>TH</sup> day of JANUARY, 2014,  
witness my hand at office in the County of SHELBY, State of Tennessee.

J. Martin Regan, Jr.  
NOTARY PUBLIC

My commission expires 3/23/2016

HF-0043

Revised 7/02



My Commission Expires 03/23/2016

# **COPY- SUPPLEMENTAL-3**

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**Ava Maria Home**

**CN1312-048**



## 1. Section B, Project Description, Item 1

The applicant anticipates approximately 16-20 units targeting low-income housing for elders and/or disabled individuals through the Choices program will occupy the space currently housing 35 elders. Please describe the Choices benefit that will provide this arrangement and the support services that will be provided.

**Response:**

Ave Maria Home anticipates developing low-income housing for elders and/or disabled individuals, (approximately 16 – 20 units) in the space currently housing 35 elders. These units will not be licensed nursing home beds. Applicant meant to state that it wants to provide low-income assisted living services for elders/disabled individuals.

## 2. Section C. (Need) Item 1

Your response to the nursing home services criterion and standards are noted. However, please revise your responses to the following:

- Please revise your responses to include the current year, 2014 two years forward to 2016. This will also match population statistics provided in Section C. (Need) Item 4. A.
- The applicant states there are 4,167 nursing home beds in Shelby County in 2012. Civic Health and Rehabilitation Center, formerly AmeriCare, a 147 bed nursing home facility closed in late 2012. Please remove 147 beds from the service area nursing home bed inventory and adjust all occupancy rates and projections in the Criteria and Standards as listed below. Please refer to the following website for more information:  
<https://news.tn.gov/node/9730>
- The closing of Civic Health and Rehabilitation Center will reduce the number of nursing homes in Shelby County that has fifty (50) or more beds from 27 to 26. Please adjust your responses.

A copy of the nursing home services criteria and standards are provided below.

**NURSING HOME SERVICES**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1 – June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

**A. Need**

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

Ave Maria Home  
Application for Certificate of Need

County bed need = .0005 x pop. 65 and under, plus  
 .0120 x pop. 65 – 74, plus  
 .0600 x pop. 75 – 84, plus  
 .1500 x pop. 85, plus

**Response:** See the answer to #2 below.

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.

**Response:**

2012 Nursing Home Bed Inventory = 4020

2013

.0005 x pop. 65 and under (836,168) plus  
 .0120 x pop. 65 – 74 (61,580) plus  
 .0600 x pop. 75 – 84 (29,845) plus  
 .1500 x pop 85+ (13,379) plus  
 = 4954.59

2014

.0005 x pop. 65 and under (835,242) plus  
 .0120 x pop. 65 – 74 (65,395) plus  
 .0600 x pop. 75 – 84 (29,848) plus  
 .1500 x pop 85+ (13,327) plus  
 = 4992.29

2015

.0005 x pop. 65 and under (833,806) plus  
 .0120 x pop. 65 – 74 (69,316) plus  
 .0600 x pop. 75 – 84 (30,211) plus  
 .1500 x pop 85+ (13,226) plus  
 = 5045.25

2016

.0005 x pop. 65 and under (832,503) plus  
 .0120 x pop. 65 – 74 (73,041) plus  
 .0600 x pop. 75 – 84 (30,491) plus  
 .1500 x pop 85+ (13,143) plus  
 = 5093.65

Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics. 2013 Revision (6/13)

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

**Response:** According to data from the State Health Statistics, there are currently 4,020 nursing home beds in Shelby County. 147 beds were eliminated in 2012 from the closure of Americare/Civic Health and Rehabilitation due to poor quality of care. According to the answer in #2 above, the following is cited with a current nursing home bed inventory in 2012 of 4,020 beds; in 2013, 935 beds were needed; in 2014, 972 beds are needed; in 2015, 1025 beds will be needed; in 2016, 1074 beds will be needed in Shelby County. Therefore, the application meets this need.

4(2). "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

**Response:** A majority of the population of the Applicant's service area have resided within 30 minutes of the facility, which includes at least 12 zip codes, with the remainder of Shelby County being a secondary service area.

5(3). The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and
- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

**Response:**

- a. Even if all proposed CON projects were licensed and in operation, this applicant's request would still be needed in the Applicant's service area since there are 972 beds needed at this time.
- b. The preponderance of nursing homes in the Applicants immediate service area have an annualized occupancy in excess of 90% based on the 2012 JAR reports as listed under question # 4 section C of this current report.

**B. Occupancy and Size Standards:**

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

**Response:** The applicant states that the 35 replacement beds in conjunction with the 30 additional beds will be at least 92% occupied after two years of operation.

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

**Response:** In 2012, Shelby County had twenty-six (26) licensed nursing homes having a licensed capacity of fifty (50) beds or more. The occupancy rate for the whole group was 88.7%.

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent the previous year.

**Response:** The Applicant consistently has an occupancy rate of 95% or higher under normal circumstances, ie over the last three years, the applicant was in the process of opening its present Green House homes and there was a period of time where applicant had five licensed beds out of service due to construction of its current Green House Homes.

4. A free standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

**Response:** The proposed project is for the replacement of 35 beds and the addition of 30 (SNF) nursing home beds.

**3. Section C. (Need) Item 4.A.**

The revised chart that uses Year 2014 as the Current Year and 2016 as the Projected Year is noted. However, it is unclear the population source. Please use population statistics from the following Department of Health, Division of Health Statistics web-site: <https://news.tn.gov/node/9730>

In addition, please use the revised population statistics (2013 Revision-6/13) in calculating county bed need in the Nursing Home Services Criteria and Standards section of the application.

**Response:**

Ave Maria Home  
Application for Certificate of Need

Variable	Shelby County	Tennessee
Current Year (CY), Age 65+ (2014)	108,570	981,984
Projected Year (PY), Age 65+ (2016)	116,675	1,042,071
Age 65+, % Change	1.07%	1.06%
Age 65+, % Total (PY)	8.14%	6.44%
CY, Total Population (2014)	943,812	6,588,698
PY, Total Population (2016)	949,178	6,710,579
Total Pop. % Change	1.01%	1.02%
TennCare Enrollees (Sept 2013)	228,187	1,198,663
TennCare Enrollees as a % of Total Pop.	4.2%	5.4%
Median Age	34	38
Median Household Income (08-12)	\$46,251	\$44,140
Population % Below Poverty Level (08-12)	20.2%	17.3%

## Sources:

The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics. 2013 Revision (6/13)

<http://quickfacts.census.gov/qfd/states/47/47157.html>

[http://www.city-data.com/county/Shelby\\_County-TN.html](http://www.city-data.com/county/Shelby_County-TN.html)

[http://www.tn.gov/tenncare/EnrollmentData/fte\\_201309.pdf](http://www.tn.gov/tenncare/EnrollmentData/fte_201309.pdf)

## 4. Section C. (Need) Item 5.

The revised chart titled Shelby County Nursing Home Utilization Trends -2010-2012 with a "TOTAL" row at the bottom of the chart is noted. Please adjust the chart of licensed beds for 2012 for the 147 beds that were closed at Civic Health Rehab/AmeriCare. This will impact the occupancy percentage for 2012.

Please include Civic Health and Rehab/AmeriCare (#792962) in the 2010 and 2011 occupancy calculations in the Shelby County Nursing Home Utilization Trend Chart. The current chart indicates there were no Joint Annual Reports on file for 2010 and 2011.

There appears to be calculation errors in the total occupancy rates for Shelby County in the Shelby County Nursing Home Utilization Trend chart. Please calculate occupancies for 2010-2012 by using figures from the total line of the chart, rather than averaging the occupancy percentages of each individual nursing home in the chart.

## Response:

Shelby County Nursing Home Utilization Trends 2010-2012

## 5. Section C. (Economic Feasibility) Item 2 Funding

It is noted SunTrust does not want to provide an interest rate for the potential \$4,000,000 loan. However, since the cost of this project will be impacted by the interest rate of the loan, please include a revised letter from SunTrust. The letter should include the estimated interest rate with the understanding that it is subject to change and the expected term of the loan. If this is not possible, please explain.

Has the applicant considered requesting the total project cost as a loan from SunTrust?

**Response:**

Applicant has enclosed a letter from the bank. See Attachment #1.

Please complete the following chart:

**Response:**

Funding Source	Amount Pledged	Target Amount	Amount on hand to date	Date goal will be reached	Documentation of funds in CON application
Assisi Foundation	\$2,000,000	\$2,000,000	Pending	2016	Pending
Ave Maria Foundation	\$1,000,000	\$2,000,000	\$2,000,000	2014	Letter from President
Ave Maria Home(annual giving, special events, Estate Gifts)	\$951,548	\$1,451,000	\$951,548	2013	Financials
	\$319,000	\$500,000	\$319,000	2014	Financials
Ave Maria Board members	\$524,000	\$800,000	\$200,000	2016	Financial Statement
Special Events, family members, donors	\$1,000,000	\$1,200,000	\$800,000	2017	
Anonymous Family	\$1,000,000	\$1,000,000	Pending	2015	Anonymous Donor
Local and national corporations/foundations	\$1,000,000	\$1,000,000	\$22,000	2016	
Total	\$7,794,548	\$9,951,000	\$4,292,548	2018	
Project Cost \$7,999,960					

It appears the funds raised that are assured to date are \$2,000,000 million. It appears that the \$2,000,000 grant from the Assisi Foundation has not yet been approved. What is the target date of approval?

**Response:** Applicant does not know when the Assisi Foundation will approve the grant. All information has been submitted and questions answered. The Assisi Foundation is awaiting approval from the Health Services and Development Agency.

6. Section C. (Economic Feasibility) Item 4 – Projected Data Chart

For the 3-10 bed Green House Projected Data Chart, there appears to be a calculation error in the Year 2017 column for Net Operating Revenue. Please submit a corrected Chart.

**Response:** The Projected Data Chart is being re-submitted as attachment #2.



180

Attachment #1

**SUPPLEMENTAL- # 4**

**January 29, 2014**

**10:40am**

Jean Morton  
Senior Vice-President

SunTrust Bank  
999 S. Shady Grove Road  
Suite 202  
Memphis, TN 38120

January 28, 2014

**CONFIDENTIAL**

Mr. Frank Gattuso  
Ave Maria Home, Inc.  
2795 Charles Bryan Road  
Bartlett TN 38134

State of Tennessee Health Services and Developmental Agency  
Andrew Jackson State Office Building  
9th Floor  
502 Deaderick Street  
Nashville, TN 37243

Re: Proposed Construction Financing to Ave Maria Home, Inc.

Ladies and Gentlemen:

At the request of Ave Maria Home, Inc. (the "Company"), SunTrust Bank (the "*Bank*") is pleased to provide the following outline of certain proposed material terms of a potential construction/term loan in the principal amount of up to \$8,000,000 to the Company. The following **proposed Summary of Terms** is intended as an outline of certain proposed material terms of the Facility and does not purport to describe all of the terms and conditions, representations and warranties, covenants and other provisions that could be contained in the definitive loan documentation relating to the Facility.

<b>Borrower:</b>	Ave Maria Home, Inc.(the " <i>Borrower</i> ")
<b>Lender:</b>	SunTrust Bank (the " <i>Bank</i> ")
<b>Guarantor(s):</b>	Ave Maria Foundation of Memphis, Inc.
<b>Facility:</b>	A construction loan for a period of up to eighteen months, followed by a term period of up to five years (the " <i>Term Loan</i> ")
<b>Loan Amount:</b>	Up to the lesser of (i) \$8,000,000 (ii) 80% of the appraised value of the Property and Improvements (assuming completion thereof in accordance with the terms hereof), as determined by an appraisal or other valuation acceptable to Bank in its sole discretion, or (iii) 80% of the actual cost of acquisition of the Property and construction of the Improvements, as determined by a construction budget and other documentation acceptable to Bank in its sole discretion.



January 29, 2014

10:40am

**Purpose:** The proceeds of the financing shall be utilized to fund the construction of improvements and renovations to the facility located on Charles Bryan Road, Bartlett, TN 38134. The proceeds will be disbursed on a draw basis during the construction phase (such draw basis more fully described herein).

**Interest Rate:** Interest rate is subject to change based on market conditions, as of today an estimated interest rate for the transaction is 4.5%.

**Repayments:** Borrower shall make monthly payments of interest until maturity. At the conclusion of construction or eighteen (18) months after closing, whichever comes first, quarterly principal payments will be made in March, June, September, and December of each year in an amount sufficient to fully amortize the debt over 20 years.

**Collateral:** First Lien Deed of Trust on the property and improvements to be constructed.

**Financial Covenants:** To be determined.

**Representations and Warranties:** Usual and customary for the Bank in transactions of this type

**Affirmative Covenants:** Usual and customary for Bank in transactions of this type

**Negative Covenants:** Usual and customary of Bank in transactions of this type

**Events of Default:** Usual and customary for Bank in transactions of this type

**Conditions Precedent:** Usual and customary for Bank in transactions of this type, including but not limited to all of Bank's usual and customary procedures for supervision, management and related funding of commercial construction projects of the proposed project's size and type, at Banks sole discretion.

**Governing Law and Jurisdiction:** State of Tennessee

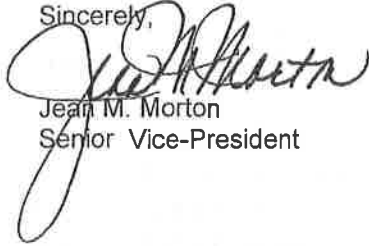
This Proposal Letter is merely an expression of interest by the Bank in the proposed Facility and should not be construed to be, expressly or by implication, a commitment, an offer, an agreement in principle or an agreement by the Bank to provide the proposed Facility. This Proposal Letter is not intended to, and shall not, create a legally binding obligation on the part of the Bank or the Company. After the Bank has conducted further due diligence, we may decide to modify the proposed terms and conditions, or we may decide not

**January 29, 2014****10:40am**

to provide the proposed Facility or any other financing at all.

Should you have any questions, please do not hesitate to call me at (901) 415-7086.

Sincerely,

A handwritten signature in black ink, appearing to read "Jean M. Morton". The signature is fluid and cursive, with a large loop at the end.

Jean M. Morton

Senior Vice-President

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBYNAME OF FACILITY: AVE MARIA HOME

I, FRANK J. GATHER, JR. after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Frank J. Gather, Jr.  
Signature/Title EXECUTIVE DIRECTOR

Sworn to and subscribed before me, a Notary Public, this the 17 day of JANUARY, 2014, witness my hand at office in the County of SHELBY, State of Tennessee.

J. Martin Rega-Jr.  
NOTARY PUBLIC

My commission expires



HF-0043

Revised 7/02

My Commission Expires 03/23/2016

# **COPY- SUPPLEMENTAL-4**

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**Ava Maria Home**

**CN1312-048**

## 1. Section C. (Need) Item 4.A.

The revised chart that uses Year 2014 as the Current Year and 2016 as the Projected Year is noted. However, the following percentages appear to be calculated incorrectly:

- Age65+, % change
- Age 65+, % Total(PY)
- Total Pop.% change
- TennCare Enrollees as a % of Total Population

Please revise and resubmit the demographic table.

**Response:**

Variable	Shelby County	Tennessee
Current Year (CY), Age 65+ (2014)	108,570	981,984
Projected Year (PY), Age 65+ (2016)	116,675	1,042,071
Age 65+, % Change	.93%	.94%
Age 65+, % Total (PY)	.12%	.16%
CY, Total Population (2014)	943,812	6,588,698
PY, Total Population (2016)	949,178	6,710,579
Total Pop. % Change	.99%	.98%
TennCare Enrollees (Sept 2013)	228,187	1,198,663
TennCare Enrollees as a % of Total Pop.	.24%	.18%
Median Age	34	38
Median Household Income (08-12)	\$46,251	\$44,140
Population % Below Poverty Level (08-12)	20.2%	17.3%

**Sources:**

The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics. 2013 Revision (6/13)

<http://quickfacts.census.gov/qfd/states/47/47157.html>

[http://www.city-data.com/county/Shelby\\_County-TN.html](http://www.city-data.com/county/Shelby_County-TN.html)

[http://www.tn.gov/tenncare/EnrollmentData/fte\\_201309.pdf](http://www.tn.gov/tenncare/EnrollmentData/fte_201309.pdf)

## 1. Section C. (Economic Feasibility) Item 2 Funding

The letter dated January 16, 2014 from SunTrust Bank is noted. The language in the bank proposal letter states the following:

*"This Proposal letter is for the confidential use of the Company and the State of Tennessee solely in connection with Ave Maria Home, Inc.'s application for a Certificate of Need for the construction of assisted living housing and is sent to you on the condition that neither the existence of this proposal letter nor its contents will be disclosed publicly or privately to any person or entity, except to those of the*

Ave Maria Home

Application for Certificate of Need

*Company's and the State of Tennessee's officer, employees, agents, counsel or accountants directly involved with the Certificate of Need and this proposal financing and then only on the basis that is not be further disclosed. Without limiting the generality of the foregoing, none of such person shall use or refer to the Bank or any of its affiliates in any disclosure made in connection with the Certificate of Need or proposed transaction without the Bank prior written consent."*

Please note the Tennessee Health Services and Development Agency, Conduct of Business, Rule 0720-08-.04 (1) Access to Agency Records, which states "all public records of The Agency are available for inspection during normal business hours in accordance with reasonable office policies".

Since the funding letter from SunTrust Bank has a public restriction, the Agency cannot accept the document in its present state. The Agency will accept a funding letter that does not place a restriction that it will not be shared publicly. If needed, please revise and resubmit.

**Response:**

A letter from SunTrust Bank is being resubmitted. See Attachment #1.

**2. Section C. (Economic Feasibility) Item 4 – Projected Data Chart**

The revised Projected Data Chart is noted. However, the "Total Operating Expenses" line appears to be populated in the "E. Other Revenue (Expenses)" line. Please revise and resubmit the Projected Data Chart.

**Response:** The Projected Data Chart is being re-submitted as attachment #2.

187  
AFFIDAVIT

JAN 29, 2014 10:56

**SUPPLEMENTAL- # 4**

**January 29, 2014**

**10:40am**

STATE OF TENNESSEE  
COUNTY OF SHELBY

I, FRANK J. GATTUSO, JR, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Frank J. Gattuso, Jr  
SIGNATURE/TITLE EXECUTIVE DIRECTOR

Sworn to and subscribed before me this 28<sup>TH</sup> day of JANUARY, 2014 a Notary  
(Month) (Year)

Public in and for the County/State of SHELBY/TENNESSEE.

J. Martin Regan  
NOTARY PUBLIC

My commission expires \_\_\_\_\_  
(Month/Day) (Year)



My Commission Expires 03/23/2016

# **COPY- SUPPLEMENTAL-5**

Ava Maria

CN1312-048



## 1. Section C. (Need) Item 4.A.

The revised chart that uses Year 2014 as the Current Year and 2016 as the Projected Year is noted. However, the following percentages appear to be calculated incorrectly:

- Age 65+, % change
- Age 65+, % Total (PY)
- Total Pop. % change
- TennCare Enrollees as a % of Total Population

Please revise and resubmit the demographic table.

**Response:**

Variable	Shelby County	Tennessee
Current Year (CY), Age 65+ (2014)	108,570	981,984
Projected Year (PY), Age 65+ (2016)	116,675	1,042,071
Age 65+, % Change	7.47%	6.12%
Age 65+, % Total (PY)	12.3%	15.5%
CY, Total Population (2014)	943,812	6,588,698
PY, Total Population (2016)	949,178	6,710,579
Total Pop. % Change	0.569%	1.85%
TennCare Enrollees (Sept 2013)	228,187	1,198,663
TennCare Enrollees as a % of Total Pop.	24%	18.2%
Median Age	34	38
Median Household Income (08-12)	\$46,251	\$44,140
Population % Below Poverty Level (08-12)	20.2%	17.3%

**Sources:**

The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment, Office of Health Statistics. 2013 Revision (6/13)

<http://quickfacts.census.gov/qfd/states/47/47157.html>

[http://www.city-data.com/county/Shelby\\_County-TN.html](http://www.city-data.com/county/Shelby_County-TN.html)

[http://www.tn.gov/tenncare/EnrollmentData/fte\\_201309.pdf](http://www.tn.gov/tenncare/EnrollmentData/fte_201309.pdf)

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBYNAME OF FACILITY: AVE MARIA HOME

I, FRANK J. GIATTUSO, JR. after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Frank J. Giattuso, Jr.  
Signature/Title EXECUTIVE DIRECTOR

Sworn to and subscribed before me, a Notary Public, this the 30 day of JANUARY, 2014,  
witness my hand at office in the County of SHELBY, State of Tennessee.

J. Martin Regan, Jr.  
NOTARY PUBLIC

My commission expires 3/23/2016.

HF-0043

Revised 7/02



My Commission Expires 03/23/2016



**State of Tennessee**  
**Health Services and Development Agency**

Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

2013 DEC 13 09:33

**LETTER OF INTENT**

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby, Tennessee, on or before December 8, 2013  
(County) (Month / day) (Year)  
for one day.

-----  
This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Ave Maria Home

Nursing Home

(Name of Applicant)

(Facility Type-Existing)

owned by: Ave Maria Home with an ownership type of Corporation

and to be managed by: Ave Maria Home intends to file an application for a Certificate of Need  
for [PROJECT DESCRIPTION BEGINS HERE]: Ave Maria Home (Applicant), 2805 Charles Bryan Road, Bartlett  
(Shelby County), TN 38134, a non-profit, 75-bed nursing home  
owned and managed by itself, intends to file a CON application for the replacement of 35  
(of the current 75 beds) skilled nursing beds, certified for Medicare and Medicaid, which  
are in an old nursing home wing at 2805 Charles Bryan Road. Applicant is also requesting  
30 additional skilled nursing beds located on Applicant's property at 2840 Charles Bryan  
Road that will be certified for Medicare. If application is approved, Applicant's skilled  
nursing facility will have a total of 105 skilled nursing beds. No major medical equipment  
will be required. The total estimated cost of this project will be \$8,000,000.  
The anticipated date of filing the application is: December 13, 2013

The contact person for this project is Frank J. Gattuso, Jr. Executive Director  
(Contact Name) (Title)

who may be reached at: Ave Maria Home 2805 Charles Bryan Road  
(Company Name) (Address)

Bartlett  
(City)

Tennessee  
(State)

38134  
(Zip Code)

901 / 386-3211  
(Area Code / Phone Number)

Frank J. Gattuso, Jr.  
(Signature)

12/03/13  
(Date)

fjg@avemariahome.org  
(E-mail Address)

-----  
The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

**Health Services and Development Agency**  
**Andrew Jackson Building, 9<sup>th</sup> Floor**  
**502 Deaderick Street**  
**Nashville, Tennessee 37243**

-----  
The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**CERTIFICATE OF NEED  
REVIEWED BY THE DEPARTMENT OF HEALTH  
DIVISION OF POLICY, PLANNING AND ASSESSMENT  
615-741-1954**

**DATE:** March 31, 2014

**APPLICANT:** Ava Maria Home  
2805 Charles Bryan Road  
Bartlett, Tennessee 38134

CN1312-048

**CONTACT PERSON:** Frank J. Gattuso, Jr., Executive Director  
2805 Charles Bryan Road  
Bartlett, Tennessee 38134

**COST:** \$7,999,960

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

**SUMMARY:**

The applicant, Ava Maria Home, a non-profit, dually certified 75-bed nursing home owned and managed by itself, located in Bartlett (Shelby County), Tennessee, seeks Certificate of Need (CON) approval for the replacement of 35 skilled nursing beds which are dually certified for Medicaid and Medicare and for an additional 30 skilled nursing beds to be certified for Medicare only. If approved, Ava Maria Home will have a bed complement of 105 beds.

The total project square footage is 45,000 and will cost an estimated \$177 per square foot.

The total estimated project cost is \$7,999,960 and will be funded as follows: The Ava Maria Foundation has committed \$1,000,000; an anonymous Memphis family has committed \$1,000,000; the applicant has a pending proposal with the Assisi Foundation for \$2,000,000; Ava Maria Home has raised \$951,548 and \$319,000. Over the next three years, the remaining \$3,000,000 will be raised as follows: Ava Maria Board members have committed \$524,000; special events, family members, and donors will raise \$1,000,000; and local and national corporations and foundations will contribute \$1,500,000. A letter from SunTrust Bank showing a business interest in the proposed facility is included in Supplemental 1. Additionally, a letter from The Assisi Foundation of Memphis, Inc. confirms a \$2,000,000 grant application is under review and is located in Supplemental 1.

**GENERAL CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

**NEED:**

The proposed service area is Shelby County. The Shelby County population is 943,812 in 2014, increasing to 949,178 in 2016, an increase of 5,366 or 0.6%.

The age 65 and older population is 108,570, increasing to 116,675 in 2016 an increase of 7.5%.

The proposed project includes the construction of three 12-bed Green House® homes to replace an existing 35-bed west wing and to add an additional 30 new beds to be utilized for Medicare patients and constructed in conjunction with the Green House® Home model.

The three 12-bed Green House® homes will include 12 private rooms in each home, 12 private baths, a large living "Hearth" room, open kitchen, and support space. One home will have a room that is set up but not included in the bed count. Each home will be approximately 7,500 square feet.

The applicant wishes to replace the west wing due to its age, inefficiency, and expense to maintain. The west wing was opened in 1970 and was state of the art for its time. Currently, the west wing does not meet the needs of the residents. The new facility will allow residents to control the temperature of their rooms and will have private baths, and will comply with ADA guidelines.

Each resident room will have its own secure medicine cabinet eliminating the current need to push a medicine cart throughout the west wing hallways.

Additionally, west wing residents have to be transported to all meals and activities. The proposed facility will allow residents to be part of meals and activities at their convenience.

The three new 10-bed Green House® homes will include 10 private rooms in each home, 10 private baths, a large living "Hearth" room, open kitchen, and support space. The applicant states the need for the 30 additional beds is demonstrated by the current 75 beds operating at 93.7% occupancy and the 4 Green House® homes demand and occupancy are exceeding availability. The applicant reports a current waiting list of 350 individuals for long term care.

The applicant reports currently 34 of 75 residents are Medicare and Medicaid. All current residents are 70 years of age or older, with 22 being 90 years or older. (*Joint Annual Report of Nursing Homes, 2012*).

**Shelby County Nursing Home Utilization 2012 Final**

<b>Nursing Home</b>	<b>Licensed Beds</b>	<b>2012 Patient Days</b>	<b>Licensed Occupancy</b>
Allan Morgan Health and Rehab Center	104	32,094	84.5%
Allenbrooke Nursing and Rehab Center	180	62,784	95.6%
Applewood Healthcare Center	78	26,651	93.6%
Ashton Place Health and Rehab	211	68,410	88.8%
Ava Marie Home	75	24,507	89.5%
Baptist Memorial Hospital-Memphis SNF	35	10,561	82.7%
Baptist Memorial Rehab Unit	18	5,423	82.5%
Bright Glade Health and Rehab Center	77	25,867	92.0%
Dove Health and Rehab of Collierville	114	35,754	85.9%
Grace Healthcare of Cordova	284	72,642	70.1%

Graceland Nursing Center	240	75,843	86.6%
Harbor View Nursing and Rehab Center, Inc.	120	36,457	83.2%
Kindred Transitional Care	120	32,196	73.5%
Kirby Pines Manor	120	42,722	97.5%
Memphis Jewish Home	160	42,920	73.5%
Methodist Healthcare SNF	44	6,623	41.2%
Midsouth Health and Rehab Center	155	49,201	87.0%
Millington Healthcare Center	85	28,917	93.2%
Poplar Point Health and Rehab	120	42,102	96.1%
Parkway Health and Rehab Center	169	51,074	82.8%
Quality Care Center of Memphis	48	12,535	71.5%
Quince Nursing and Rehab Center	188	65,776	95.9%
Rainbow Health and Rehab Center	115	39,641	94.4%
Signature Healthcare at Saint Francis	197	61,821	86.0%
Signature Healthcare at Saint Peter Villa	180	60,560	92.2%
Signature Healthcare of Memphis	140	49,467	96.8%
Spring Gate Rehab and Healthcare Center	233	78,439	92.2%
The Highlands of Memphis Health and Rehab	180	60,143	91.5%
The King's Daughters and Sons Home	108	38,653	98.1%
The Village at Germantown	30	9,462	86.4%
Whitehaven Community Living Center	92	28,888	86.0%
<b>Total</b>	<b>4,020</b>	<b>1,278,133</b>	<b>87.1%</b>

Source: *Joint Annual Report of Nursing Homes 2012*, Tennessee Department of Health, Division of Policy, Planning and Assessment-Office of Health Statistics

*Note to Agency Members: Tennessee Department of Health, Division of Policy, Planning, and Assessment's current licensed Shelby County bed total is 3,976. The bed need calculation for Shelby County yields 5,094 needed beds, minus 3,976 licensed beds and 218 approved but not licensed beds, resulting in a need for 900 beds.*

The applicant's projected year one utilization for the 30-bed Medicare SNF unit will be as follows: average daily SNF Medicare census of 8, average daily SNF Medicaid census of 0, average daily

non-skilled census of 1, average total daily census will be as follows: average daily SNF Medicare census of 8, average daily SNF Medicaid census of 0, SNF other payors census of 0, average daily non-skilled census of 1, average total daily census of 9, and an average licensed occupancy of 30%. The projected year two utilization will be as follows: average daily SNF Medicare census of 21, average daily SNF Medicaid census of 0, SNF other payors census of 0, average daily non-skilled census of 2, average total daily census of 23, and an average licensed occupancy of 70%.

The applicant's projected utilization for the total 105-bed facility in the first year of the project will be as follows: average daily SNF Medicare census of 14, average daily SNF Medicaid census of 28, SNF other payors census of 40, average daily non-skilled census of 1, average total daily census of 83, and an average licensed occupancy of 79%. The projected year two utilization will be as follows: average daily SNF Medicare census of 27, average daily SNF Medicaid census of 28, SNF other payors census of 40, average daily non-skilled census of 2, average total daily census of 97, and an average licensed occupancy of 92%.

#### **TENNCARE/MEDICARE ACCESS:**

The applicant participates in both the Medicare and Medicaid programs. Ava Maria Home has contracts with AmeriChoice and BlueCare.

The applicant's anticipate year one gross Medicare revenues are project to be 53% or \$5,750,910, and Medicaid gross revenues are expected to be 15% or \$1,655,991.

#### **ECONOMIC FACTORS/FINANCIAL FEASIBILITY:**

The Department of Health, Division of Policy, Planning, and Assessment has reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

**Project Costs Chart:** The Project Costs Chart is located in Supplemental 2 of the application. The total estimated project cost is \$7,999,960.

**Historical Data Chart:** The Historical Data Chart is located in Supplemental 1 of the application. The applicant reports net operating income of (\$702,074), (\$2,548,874), and (\$1,693,190) in years 2010, 2011, and 2012, respectively.

#### **Projected Data Chart:**

The Projected Data Chart for the three 12-bed units is located in Supplemental 1. The year one revenues is projected to be (\$250,590) in year one and (\$252,409) in year two of the project.

The Projected Chart Data for the three 10-bed Medicare only beds is located in Supplemental 4 of the application. The applicant projects 3,081 and 8,374 patient days in years one and two, with net operating revenues of (\$269,988) and \$1,011,639 each year, respectively.

The applicant projected average gross charge is \$324.37, with an average adjustment of \$11.87, resulting in and net charge of \$312.50.

The applicant considered adding a new institutional type facility five years ago. The applicant visited Green House® Homes and determined this was the type of model they wanted to move forward with due to the more home-like environment it provided.

#### **CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:**

Ava Maria Home has transfer agreements with Methodist Hospital-North, St. Francis Hospital-Park, and St. Francis Hospital-Bartlett. The applicant has agreements with Paradigm Behavioral Health

Services, Tri-Med Pharmacy, Radiographics for x-ray services, and Crossroads Hospice and Methodist Hospice.

The applicant believes this project will help preserve the health care system in the area and actually raise the standard of long term care facilities in the service area by producing a "homelike" setting through the Green House® home model.

The applicant is not aware of any negative effects this project might have on the current health care system.

The applicant currently provides between 3.8 and 4.0 hours of patient care per day, twice the required State minimum of 2.0 hours per day. The applicant provides their current staffing on page 23 of the application. The projected year one and two staffing additions for the proposed project are provided in Supplemental 1.

The applicant participates from time to time in the training of students in the areas of medicine, social work, and nursing.

Ava Maria Home is licensed by the Tennessee Department of Health, Board for Licensing Healthcare Facilities. The most recent licensure survey occurred August 19-21, 2013 and deficiencies were noted in the areas of Right to Privacy-Send/Receive Mail and Provide Care/Services for Highest Well Being. A plan of correction was approved effective 9/2/2013.

#### **SPECIFIC CRITERIA FOR CERTIFICATE OF NEED**

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

#### **NURSING HOME SERVICES**

Public Chapter No. 1112, Senate Bill No. 2463, which passed during the 1998 legislative session, amended and changed the code sections establishing the bed need formula that the Health Facilities Commission must follow when granting certificates of need for nursing home beds in Tennessee. During a fiscal year (July 1-June 30), the Commission shall issue no more than the designated number of Medicare skilled nursing facility beds for applicants filing for a certificate of need. The number of Medicare skilled nursing facility beds issued shall not exceed the allocated number of beds for each applicant. The applicant must also specify in the application the skilled services to be provided and how the applicant intends to provide such services.

##### **A. Need**

1. According to TCA 68-11-108, the need for nursing home beds shall be determined by applying the following population-based statistical methodology:

$$\begin{aligned}\text{County bed need} = & .0005 \times \text{pop. 65 and under, plus} \\ & .0120 \times \text{pop. 65-74, plus} \\ & .0600 \times \text{pop. 75-84, plus} \\ & .1500 \times \text{pop. 85, plus}\end{aligned}$$

*The bed need calculation for Shelby County yields 5,094 needed beds, minus 3,976 licensed beds and 218 approved but not licensed beds, resulting in a need for 900 beds.*

2. The need for nursing home beds shall be projected two years into the future from the current year, as calculated by the Department of Health.



*The proposed service area is Shelby County. The Shelby County population is 943,812 in 2014, increasing to 949,178 in 2016, an increase of 5,366 or 0.6%.*

3. The source of the current supply and utilization of licensed and CON approved nursing home beds shall be the inventory of nursing home beds maintained by the Department of Health.

*The Tennessee Department of Health, Division of Policy, Planning, and Assessment's current licensed Shelby County nursing home bed total is 3,976.*

4. "Service Area" shall mean the county or counties represented on an application as the reasonable area to which a health care institution intends to provide services and/or in which the majority of its service recipients reside. A majority of the population of a service area for any nursing home should reside within 30 minutes travel time from that facility.

*The applicant's services area is Shelby County. The majority of the population resides within 30 minutes of the facility.*

5. The Health Facilities Commission may consider approving new nursing home beds in excess of the need standard for a service area, but the following criteria must be considered:

- a. All outstanding CON projects in the proposed service area resulting in a net increase in beds are licensed and in operation, and

*The applicant asserts the majority of nursing homes within 6 miles of their facility are above 90% occupancy.*

- b. All nursing homes that serve the same service area population as the applicant have an annualized occupancy in excess of 90%.

*According to the 2012 Joint Annual Report of Nursing Homes, 18 of the 31 facilities do not have an annualized occupancy rate in excess of 90%.*

B. Occupancy and Size Standards:

1. A nursing home should maintain an average annual occupancy rate for all licensed beds of at least 90 percent after two years of operation.

*The applicant states reports the 35 replacement beds and the 30 additional beds will at least be a 92% occupancy rate after two years of completion.*

2. There shall be no additional nursing home beds approved for a service area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 95 percent. The circumstances of any nursing home, which has been identified by the Regional Administrator, as consistently noncomplying with quality assurance regulations shall be considered in determining the service areas, average occupancy rate.

*Currently 26 of the 31 facilities contain 50 beds or more. Only six facilities have an occupancy rate of 95% or more.*

3. A nursing home seeking approval to expand its bed capacity must have maintained an occupancy rate of 95 percent for the previous year.

*The applicant reported they consistently have occupancy of 95% or higher with the exception being when they were in the process of opening its present Green House Homes and 5 licensed beds were out of service due to construction. The 2012 occupancy was 89.5%.*

4. A free-standing nursing home shall have a capacity of at least 30 beds in order to be approved. The Health Facilities Commission may make an exception to this standard. A facility of less than 30 beds may be located in a sparsely populated rural area where the population is not sufficient to justify a larger facility. Also, a project may be developed in conjunction with a retirement center where only a limited number of beds are needed for the residents of that retirement center.

*This project is for 35 replacement beds and the addition of 30 SNF beds.*

#### **CONSTRUCTION, RENOVATION, EXPANSION, AND REPLACEMENT OF HEALTH CARE INSTITUTIONS**

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

*The applicant responded to the Nursing Home Services criteria.*

2. For relocation or replacement of an existing licensed health care institution:

- a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

*The applicant provided the relevant information in the body of the application.*

- b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

*The applicant states their current occupancy is 99%. According to the 2011 Joint Annual Report of Nursing Homes, the applicant's licensed occupancy was 93.7%. According to the 2012 Joint Annual Report of Nursing Homes, the applicant's occupancy rate was 89.5%. The applicant reports a waiting list of 350 individuals for long term care.*

3. For renovation or expansions of an existing licensed health care institution:

- a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

*The applicant states their current occupancy is 99%. According to the 2011 Joint Annual Report of Nursing Homes, the applicant's licensed occupancy was 93.7%. According to the 2012 Joint Annual Report of Nursing Homes, the applicant's occupancy rate was 89.5%. The applicant reports a waiting list of 350 individuals for long term care.*

- b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

*The west wing that is being replaced was built in 1970. The applicant is building private rooms with private baths and other amenities that elders are demanding that cannot be supplied in the current facility.*



# Shelby County Government

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MARK H. LUTTRELL, JR.  
MAYOR

February 11, 2014

Phillip M. Earhart  
State of Tennessee  
Health Services Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243

Dear Mr. Earhart:

Please allow this letter to serve as an expression of my support for the Certificate of Need Application for Ave Maria Home.

I am pleased that Ave Maria has chosen to launch a campaign to better serve seniors and young, disabled adults in our community. Their plan includes building additional Green House Homes for residents living in an older wing of the Legacy Nursing home, thereby providing them with private apartments and bathrooms. Ave Maria intends to expand inpatient and outpatient rehabilitation programs, which will allow clients to stay as independent as possible. Furthermore, an endowment will be built that will provide financial assistance to residents who are outliving their financial resources—as well as funds to maintain Ave Maria's Legacy building, Green House homes, and property.

On behalf of the citizens of Shelby County, I encourage the Tennessee Health Services and Development Agency to review and support the Certificate of Need Application for Ave Maria Home. Please feel free to contact my office at 901-222-2000, should you have any questions.

Sincerely

Mark H. Luttrell, Jr.  
Mayor

MHL/jls

Figure 1 illustrates the steps of the proposed algorithm. The sequence of diagrams shows the evolution of a data structure, likely a tree or graph, through various operations. The steps are labeled as follows:

- Initial state: A single node 'a'.
- Operation: 'Find'.
- Operation: 'Delete'.
- Operation: 'Insert'.
- Operation: 'Update'.
- Operation: 'Find'.
- Operation: 'Delete'.
- Operation: 'Insert'.
- Operation: 'Update'.
- Operation: 'Find'.
- Final state: A structure with nodes 'a', 'b', 'c', and 'd'.

